

TEXTON

PROPERTY FUND

(Registration Number 2005/019302/06)

**Annual Financial Statements
for the year ended 30 June 2024**

Audited Financial Statements

in compliance with the Companies Act of South Africa

Prepared by B Rajdew Singh CA(SA) under the supervision of HSP Welleman

Texton Property Fund Limited

(Registration Number 2005/019302/06)

Annual Financial Statements for the year ended 30 June 2024

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Texton Property Fund Limited

(Registration Number 2005/019302/06)

Annual Financial Statements for the year ended 30 June 2024

Directors' Responsibilities and Approval

The directors are responsible for the preparation and fair presentation of the consolidated annual financial statements of Texton Property Fund Limited, comprising the statement of financial position at 30 June 2024, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and IFRIC interpretations adopted by the International Accounting Standards Board ("IASB"), SA financial reporting requirements, the requirements of the Companies Act of South Africa (Act 71 of 2008) ("Companies Act") and the JSE Limited ("JSE") Listings Requirements.

Each of the directors is also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedules included in these financial statements.

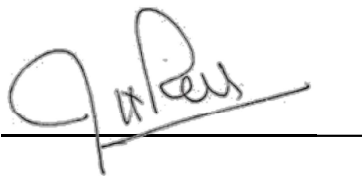
The directors assessed the ability of the Company and its subsidiaries ("the Group") to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the year ahead.

Each of the directors, whose names are stated below, hereby confirm that:

- the annual financial statements set out on pages 15 to 100 fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS
- to the best of our knowledge and belief no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading
- internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer
- the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;
- where we are not satisfied, we have disclosed to the audit and risk committee and the auditor deficiencies in design and operational effectiveness of the internal financial controls and have taken steps to remedy the deficiencies
- we are not aware of any fraud involving the directors.

Approval of the consolidated annual financial statements

The consolidated annual financial statements of Texton Property Fund Limited as identified in the first paragraph, were approved by the Board of directors on 23 September 2024 and signed on their behalf by:



JH Rens
Chief Executive Officer



HSP Welleman
Chief Financial Officer

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Certificate by the Company Secretary

In terms of section 88(2)(e) of the Companies Act, we certify that to the best of our knowledge and belief, that Texton Property Fund Limited has lodged all returns required in terms of the Companies Act, with the Commissioner of the Companies and Intellectual Property Commission for the financial year ended 30 June 2024 and that the returns are true, correct and up to date.



CorpStat Governance Services Proprietary Limited

Company Secretary

23 September 2024

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Directors' Report

Nature of the business

Texton is a JSE-listed real estate investment trust ("REIT") that offers shareholders access to global direct and indirect real estate investments, which aim to deliver sustainable, risk-adjusted returns. Our direct property portfolio is valued at R2,1 billion as at 30 June 2024 (2023: R2,2 billion) and our international indirect property investment portfolio amounts to R553.4 million (2023: R598.5 million). The direct property portfolio includes commercial and retail properties. Texton is focused on robust and disciplined capital allocation. We are strategically reinvesting heavily into our direct property investments which are in centralised nodes in both South Africa ("SA") and the United Kingdom ("UK"), and deploying capital into high-quality property investments in developed markets with best-in-class asset managers

Subsidiaries	Location	% owned
Discus House Proprietary Limited	South Africa	100%
Imperial Com Props Proprietary Limited	South Africa	100%
Investage 183 Proprietary Limited	South Africa	100%
Nungu Trading 88 Proprietary Limited	South Africa	100%
TexStores Proprietary Limited	South Africa	100%
Texton Property Investments UK Limited	United Kingdom	100%
US TP Investments 1 LLC	United States of America	100%

Indirectly held subsidiaries - Held by Texton Property Investments UK:

TPI UK No2 Limited	United Kingdom	100%
TPI UK No1 Limited	United Kingdom	100%
TPI Canvas LP	United States of America	99.5%
Heddon Investment Holdings Limited^	British Virgin Islands	100%
Zeya Investment Holdings Limited^	British Virgin Islands	100%
Ganix Investment Holdings Limited^	British Virgin Islands	100%

^These entities were liquidated on 30 October 2023.

Controlled entities

Vunani Property Investment Trust	South Africa	100%
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Joint ventures

Inception (Reading) S.a.r.l. - Broad Street Mall	United Kingdom	50%
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Financial results

The detailed financial results are fully set out in the consolidated financial statements.

Going concern

The Group has reasonably satisfied the liquidity and solvency test as required by the Companies Act and the directors have satisfied themselves that the Group are in a sound financial position and that they have access to sufficient facilities to their foreseeable cash requirements.

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Directors' Report

It's noted that as at 30 June 2024, the Group's current liabilities exceed its current assets. However, the directors have considered the below to reasonably satisfy themselves that the Group is in a sound financial position:

- Renewal of expiring facility with Standard Bank

Subsequent to year-end, the Group successfully renewed its expiring facility with Standard Bank for a further 36 months;

- Condonement on Standard Bank covenant breach

The breach identified on the Group Interest Cover Ratio with the Standard Bank, was condoned subsequent to year-end.

- Sale of assets in the next 12 months

Expected proceeds from the sale of assets in the next 12 months is R70.9million, proceeds from the sale of assets will be utilised to reduce debt or placed in the rolling credit facility;

- BREIT redemption

\$6000 000(R109,4million) was received subsequent to year-end from the BREIT redemption.

- UK property disposal and repayment of HSBC debt

As disclosed in the subsequent event note below, proceeds from the sale of Gainsborough and Peterlee were utilised to repay debt with HSBC which is falling due within the next 12 months.

The directors consider that the Group has adequate resources to continue operating for the foreseeable future and realise its assets and settle its liabilities in the ordinary course of business. As such, it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

Banking facilities

Texton has unlimited borrowing powers in terms of the Memorandum of Incorporation ("MOI"), but the Group has maintained its debt levels below 60% of its gross asset value in accordance with JSE Listings Requirements for REITs. The Group is also subject to certain financial covenants with the strictest being a 50% loan-to-value ("LTV") covenant on its bank borrowings. The Group's overall debt was R987 million (2023: R981 million) at the reporting date as detailed in note 17 to the consolidated financial statements.

Facilities were successfully renewed with Investec during the year. Refer to note 17 for details

During the year, the portfolio interest cover ratio ("ICR") with Standard Bank was breached, however this was condoned by the bank till 30 June 2024.

Sale of non-core properties

As at 30 June 2023, we had three properties listed as held for sale. During the year two of these properties and portions of sectional title were sold. The combined proceeds from the property sales amounted to R71.9million. These proceeds were used towards debt reduction, and have enabled Texton to successfully recycle capital to strengthen our balance sheet and invest into repositioning the SA portfolio . Please refer to note 12 for more information.

There are three properties held for sale at year-end.

Events after the reporting date

Renewal of Standard Bank facility

Subsequent to year-end , Texton renewed its expiring facility with Standard Bank for a further 36 months at a margin of 1.55% below the prime interest rate.

SREIT redemption

Texton Property Investments Limited("TPI UK") has partially sold down its investment in Starwood Real Estate Income Trust ("SREIT")through a redemption of 33 530 shares respectively (the "Disposal").

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Directors' Report

At the time of investing, these funds met several strategic and investment goals for TPI, in line with group's strategy to increase its offshore property exposure. The investments continued to provide TPI UK with current income in the form of regular, stable cash distributions, achieving an attractive yield on the investments. In addition to providing monthly distributions, the funds provided TPI UK with optionality to exit the fund through a share repurchase plan (subject to certain limitations of the terms and conditions of the share repurchase plan). Given the distributions and returns achieved to date, TPI UK decided to redeem a portion of the current investments and partially realise these returns. The redemption proceeds from the disposal will be recycled in line with the group's offshore investment strategy.

The proceeds from the redemption, \$758,623(R13 824 712), was received subsequent to year-end.

Investment in TPI Canvas

Subsequent to year-end, the Group, concluded to invest in a partnership ("the Partnership") with WS Industrial GP LLC ("Canvas") to acquire 90% of an infill class-B stand-alone industrial property in North Carolina, United States of America ("US").

TPI No 2 concluded a limited partnership agreement for 90% of the partnership interest with the remaining 10% being committed by Canvas as the general partner. The initial capital contribution of USD2,747,950 (R50,232,526) will contribute to acquiring the property and the related transaction costs to be incurred. The remaining capital commitment of USD430,315 (R7,866,158) will provide for possible repurposing of the property upon the expiry of the lease.

Disposal of Properties located in the UK

Subsequent to year-end, the Group finalised the disposal of two properties located in the UK. The property located in Heapham Road Industrial Estate, in Gainsborough, was disposed of on 9 September 2024, for a consideration of £7 300 000(R171,4 million).

The property located in Pease Road, Peterlee, was disposed of on 20 September 2024 for a consideration of £ 8 300 000(R193.4million).

The proceeds from both the sales were utilised to repay debt.

Declaration of a final dividend

The Board of directors of Texton ("the Board") is pleased to announce that Texton has declared a final dividend of 20.13 cents (2023:19.26 cents) per share for the year ended 30 June 2024. The total dividend for the year is 20.13 cents (June 2023:19.26 cents).

Salient dates	2024
Declaration date	Monday, 23 September 2024
Last day to trade cum dividend	Monday, 08 October 2024
Shares to trade ex-dividend	Wednesday, 09 October 2024
Record date	Friday, 11 October 2024
Payment date	Monday, 14 October 2024

Changes to the Board

There were no changes to the board during the year.

The following changes occurred subsequent to year-end:

- Shelley Thomas resigned as director on 1 July 2024.
- HSP Welleman, the previous Chief Executive Officer, was appointed as Chief Financial Officer and JH Rens was appointed to the board of directors and Chief Executive Officer on 22 August 2024.

The details relating to directors and to director interest in shares can be found in note 32 to the annual financial statements.

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Annual Financial Statements for the year ended 30 June 2024

Directors' Report

Company secretary

CorpStat Governance Services Proprietary Limited, represented by William Somerville, continued to act as company secretary during the year under review.

Stated capital

The authorised shares of the company consist of 2 000 000 000 (two billion) ordinary shares of the same class and no par value. Total shares in issue amounts to 330 059 664 (2023: 363 701 103).

Share Buy-back

•General Repurchase

Texton continues to repurchase its shares in the open market and will do so in terms of the authority that was provided by shareholders at the annual general meeting ("AGM") on 30 November 2022 and 29 November 2023. The Group holds treasury shares via Discus House Proprietary Limited ("Discus House"), a subsidiary of Texton. Discus House purchased no(2023:685 182) shares during the year under review, bringing the total amount of shares held by Discus House to 31 853 013 shares (2023: 31 853 013).

Texton repurchased 108 156 shares during the year at an average price of R2.84.

•Specific Repurchase

At the General meeting held on 30 June 2023 a special resolution was passed authorising the repurchase of shares from the PIC. Texton repurchased 72 129 048 shares at R2.15 from the PIC, this represented approximately 19.8% of the total issued share capital.

Rights Issue

Texton launched a rights offer in order to provide additional capital and resources to implement its current strategies. The rights offer closed on 5 January 2024. The company raised R85million by launching a fully underwritten, non-renounceable rights offer of a total of 38 636 364 ordinary no par value shares in Texton at a price of R2.20 each.

Auditor

BDO South Africa Incorporated will be recommended to shareholders at the AGM to continue in office in accordance with section 90(1) of the Companies Act.

Litigation

The directors are not aware of any legal or arbitration proceedings that have commenced, are pending, have been threatened, or may have a material impact on the results of the Group.

Separate annual financial statements

Separate statutory annual financial statements for Texton Property Fund Limited in accordance with IFRS[®] Accounting Standards and the requirements of the Companies Act have been prepared and issued as separate financial statements. Please refer to these financial statements for the company balances, transactions and disclosures. These have been issued separately for ease of reference purposes and can be found on the Company's website.

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Directors' Report

Holding Company

Texton has no holding Company and the main shareholders are detailed in Annexure C.

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Annual Financial Statements for the year ended 30 June 2024

Report of the Audit Committee

The Audit and Risk Committee (the "audit committee") takes pleasure in presenting its report for the year ended 30 June 2024.

1. Terms of reference

The audit committee is a formal committee of the Board of the Company and its subsidiaries and has adopted written terms of reference. These terms of reference include the statutory requirements of the Companies Act ("the Act"), the recommendations of the King IV Report on Corporate Governance for South Africa, 2016 ("King IV") and certain responsibilities delegated by the Board.

The main responsibilities of the audit committee include:

- reviewing the ongoing effectiveness of the internal financial controls
- reviewing the interim and preliminary results, the annual financial statements and other content in the integrated annual report, and making a formal recommendation to the Board to adopt the same
- ensuring compliance with IFRS and the relevant requirements of the Act and the Johannesburg Stock Exchange ("JSE") with respect to financial reporting
- overseeing the appointment and independence of the external auditor and reviewing their external audit reports
- determining a policy for the provision of non-audit services by the external auditors
- monitoring the risk management framework adopted by the Company and the Group and reviewing any risk management reports in this regard
- reviewing management's assessment of the Group to continue as a going concern

The audit committee confirms that it has fulfilled all of its statutory obligations as well as its terms of reference for the year under review.

The audit committee has monitored and confirms that it is in compliance with the risk management policy which is in accordance with industry practice and prohibits the Company from entering into speculative derivative transactions not in the ordinary course of business.

2. Members of the audit committee, attendance of meetings and evaluation

The audit committee comprises three independent non-executive directors and is chaired by John Macey CA(SA). Certain executive directors, senior management as well as the external auditor attended audit committee meetings by invitation.

The terms of reference require an annual evaluation of the performance of the audit committee and its members as well as confirmation of the members' independence in terms of King IV and the Act. The evaluation performed covers the year ended 30 June 2024. The outcome of the evaluation performed was satisfactory.

3. External auditor

The audit committee nominated BDO South Africa Incorporated ("BDO"), as the external auditor for the current year, having satisfied itself that they are independent of the Group. The external auditor has unrestricted access to the audit committee.

The audit committee approved the terms of the auditor's engagement letter, their audit plan and budgeted audit fees for the audit of the Group consolidated and Company separate annual financial statements for the year ended 30 June 2024.

The audit committee adopted a formal framework for the pre approval of allowable non-audit services below certain predetermined thresholds.

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Annual Financial Statements for the year ended 30 June 2024

Report of the Audit Committee

4. Significant matters

Valuation of investment property

The major risk relating to investment property is the valuation of investment property. This has been highlighted as an area of critical judgement and is detailed in note 5 to the annual financial statements. Each property is externally valued at least every three years, which results in a third of the properties being revalued annually. Where an external valuation is not obtained, the directors determine the fair value of each property, using the valuation methodology in note 5. Through discussion with the executive directors, the audit committee is satisfied with the valuation methodology and inputs. A number of non-executive directors have extensive experience in the property industry and the Board as a whole approves the valuations. The audit committee also monitors differences between internal and independent external valuations and is satisfied overall that the fair value of investment properties is not materially misstated.

5. Financial Director

HSP Welleman was appointed as Financial Director of Texton on 22 August 2024.

In terms of paragraph 3.84(g)(i) of the JSE Listings Requirements, the committee has considered HSP Welleman's experience and expertise as the financial director and we are satisfied that these are appropriate for the role.

The audit Committee, in consultation with the Board of Directors of Texton, considered the finance team to have sufficient knowledge, qualifications and experience to adequately manage the finance function during this period.

6. Internal audit

The audit committee continues to assess the requirement to have an internal audit function as the Company grows. At this point in time, the audit committee has satisfied itself that the size and complexity of the Group does not warrant an internal audit function.

7. Proactive monitoring

The audit committee confirms that it has considered the findings contained in the JSE's 2023 Proactive Monitoring Report when preparing the annual financial statements for the year ended 30 June 2024.

8. Internal financial controls

The audit committee reviewed the risk management and internal control framework presented by management and matters raised in the external auditor's report as to the efficiency of the Group's internal financial controls.

In accordance with paragraph 3.84(g)(ii) of the JSE Listings Requirements, the audit committee confirms that no material breakdown of internal financial controls was identified during the current financial year.

9. Approval of the annual financial statements

The audit committee confirms that it formally recommended the adoption of the consolidated annual financial statements to the Board of directors.



JF Macey

Chairman of the Audit and Risk Committee

23 September 2024

Independent Auditor’s Report

To the Shareholders of
Texton Property Fund Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Texton Property Fund Limited and its subsidiaries (“the group”) set out on pages 15 to 100, which comprise the consolidated statement of financial position as at 30 June 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Texton Property Fund Limited and its subsidiaries as at 30 June 2024, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors’ *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of Investment Properties - (Notes 5 and 12)</p> <p>The group’s investment property portfolio is split between South Africa and the United Kingdom, with a total value in the consolidated statement of financial position of R2 003 million as at 30 June 2024 (R2 242 million: 2023).</p> <p>It is group policy that investment property is measured at their fair values, with a minimum of one-third of the portfolio being valued annually by an independent external valuation expert on a rotational basis, whilst the remaining two-thirds are valued by management.</p> <p>The valuation of the group’s investment property portfolio is inherently subjective due to the estimates and judgements used in determining the property fair values, such as the exit capitalisation rates, discount rates, forecasted rental income and property expenses. Among other factors, the individual nature of the properties and their location, taking cognisance of the tenants occupying the properties, also affects the valuation of the</p>	<p>The audit procedures we performed included, amongst others, the following:</p> <ul style="list-style-type: none"> • We assessed the design and tested the implementation of relevant controls over the valuation process; • We assessed the competency, capabilities and objectivity of management’s external valuation expert (“management’s expert”). This included inspecting professional qualifications and registrations and making an assessment of the objectivity and appropriateness of management’s expert; • We inspected the valuation reports for the properties valued by management, and management’s expert in the current year, to assess whether the valuation approach was in accordance with IFRS Accounting Standards, whether it was consistent with the prior financial year, and whether it is considered suitable for use in determining the fair value; • We agreed all investment property fair values, to the underlying valuation reports;

investment property. Management apply assumptions for yields and estimated market rent to arrive at the final valuation.

The valuation of investment properties was considered to be area matter of most significance in our audit of the consolidated financial statements for the year ended 30 June 2024, due to the significance of the balance, the significance of the estimates and the level of judgement involved.

- We assessed the key assumptions used in the determination of fair values for all properties as follows:
 - The forecast revenue applied in the 1st year of the discounted cash flow (“DCF”) was assessed for reasonability. This was performed by agreeing the actual revenue per the property management system to the amounts used in the DCF model. For a sample, the inputs within the property management system used to generate the revenue forecast was agreed to underlying signed rental agreements;
 - The projected property expenses applied in the 1st year of the DCF model was assessed for reasonability by comparing to actual property expenses;
 - We assessed the reasonability of revenue and expense growth rates subsequent to the initial forecast year based on our knowledge of the properties obtained through research, and by comparing to available industry data for similar investment properties; and
 - We assessed the reasonability of the discount and exit capitalisation rates applied by comparing it to available industry data for similar investment properties.
- We have tested the mathematical accuracy of the DCF models, by reperforming the calculations;
- In addition to the above, we also identified key investment property valuations, and requested an external, independent auditor’s valuation expert to independently assess and conclude on the reasonability of the:
 - Forecast revenue applied in the 1st year of the discounted cash flow (“DCF”) models;
 - Projected property expenses applied in the 1st year of the DCF models;
 - Revenue and expense growth rates in the DCF models, subsequent to the initial forecast year; and
 - Discount, exit and capitalisation rates applied by management and management’s expert respectively.

We evaluated the adequacy of the disclosures in the consolidated financial statements relating to the valuation of investment properties against the requirements of IFRS Accounting Standards

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled “Texton Property Fund Limited Consolidated Financial Statements” and in the document titled “Texton Property Fund Limited Separate Financial Statements” for the year ended 30 June 2024, which includes the Directors’ Report, the Audit Committee’s Report and the Company Secretary’s Certificate as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the Integrated Report, which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor’s reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor’s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as Issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that BDO South Africa Incorporated has been the auditor of Texton Property Fund Limited for 4 years.

BDO South Africa Incorporated
BDO South Africa Incorporated
Registered Auditors

Stephan Cillie
Director
Registered Auditor

23 September 2024

119-123 Hertzog Boulevard
Foreshore
Cape Town
8001

Texton Property Fund Limited

(Registration Number 2005/019302/06)

Financial Statements for the year ended 30 June 2024

Statement of Financial Position

	Notes	Group	
		2024 R `000	2023 R `000
Assets			
Non-current assets		2,485,345	2,720,063
Investment property	5	2,003,670	2,077,217
Equipment	6	7,057	6,532
Tenant installation	7	7,620	10,675
Deferred tax	18	-	1,891
Unlisted investments	14	443,094	598,590
Lease commissions	8	3,386	4,314
Other receivables	9	20,518	20,844
Current assets		410,486	325,691
Trade and other receivables	10	24,576	31,317
Income tax receivable	13	4,898	5,080
Other receivables	9	119,976	9,178
Cash and cash equivalents	11	261,036	280,116
Investment property held for sale	12	70,957	96,162
Total assets		2,966,788	3,141,916
Equity and liabilities			
Equity		1,918,794	2,097,014
Share capital	15	2,713,178	2,786,814
Accumulated loss		(781,375)	(717,426)
Share-based payment reserve	36	1,145	87
Foreign Currency Translation Reserve	16	(14,154)	27,539
Non-current liabilities		156,767	865,150
External loans and derivative financial instruments	17	152,197	855,813
Deferred tax	18	4,570	9,337
Current liabilities		891,227	179,752
External loans and derivative financial instruments	17	835,231	125,679
Trade and other payables	19	54,124	52,431
Income tax payable	13	1,872	1,642
Total equity and liabilities		2,966,788	3,141,916

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Statement of Profit or Loss and Other Comprehensive Income

		Group	
	Notes	2024 R `000	2023 R `000
Investment property income	20	282,040	297,855
Straight-line rental adjustment		(9,136)	835
Property income		272,904	298,690
Impairment/(reversal of impairment) on trade receivables		(2,427)	2,222
Property expenses	21	(112,425)	(116,007)
Net property income		158,052	184,905
Other income	22	31,648	23,164
Administrative expenses		(36,771)	(41,406)
Impairment on vendor financing	9	(377)	(639)
Foreign exchange gains/(losses)		418	(7,960)
Operating profit		152,970	158,064
Finance income	23	20,200	16,976
Finance costs	24	(107,963)	(96,105)
Fair value adjustments	25	(79,593)	(117,705)
Loss before tax		(14,386)	(38,770)
Taxation expense	26	437	24,618
Loss for the year		(13,949)	(14,152)
Other comprehensive(loss)/ income			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		(41,693)	179,383
Total comprehensive(loss)/ income for the year		(55,642)	165,231
(Loss)/Profit and total comprehensive (loss)/ income attributable to:			
Equity holders of the company		(55,642)	165,231
Basic earnings per share			
Basic loss per share (cents)	32	(4.95)	(4.26)
Diluted loss per share (cents)	32	(4.95)	(4.26)

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Statement of Changes in Equity

	Share capital R `000	Foreign currency translation reserve R `000	Share based payment reserve R `000	Accumulated loss R `000	Total R `000
Balance as at 30 June 2022	2,795,822	(151,844)	407	(680,014)	1,964,371
Total comprehensive income for the year	-	179,383	-	(14,152)	165,231
Loss for the year	-	-	-	(14,152)	(14,152)
Other comprehensive income	-	179,383	-	-	179,383
Dividends recognised as distributions to shareholder	-	-	-	(23,260)	(23,260)
Treasury shares acquired	(2,730)	-	-	-	(2,730)
Shares repurchased and cancelled	(6,278)	-	-	-	(6,278)
Share based payment transaction	-	-	(320)	-	(320)
Balance as at 30 June 2023	2,786,814	27,539	87	(717,426)	2,097,014
Total comprehensive income for the year	-	(41,693)	-	(13,949)	(55,642)
Loss for the year	-	-	-	(13,949)	(13,949)
Other comprehensive income	-	(41,693)	-	-	(41,693)
Dividends recognised as distributions to shareholder	-	-	-	(50,000)	(50,000)
Share Repurchase	(157,133)	-	-	-	(157,133)
Shares repurchased and cancelled	(155,435)	-	-	-	(155,435)
Transaction costs relating to repurchase	(1,698)	-	-	-	(1,698)
Rights issue	83,804	-	-	-	83,804
Shares issued	85,000	-	-	-	85,000
Transaction costs relating to rights issue	(1,196)	-	-	-	(1,196)
Treasury shares acquired	(307)	-	-	-	(307)
Share Based Payment transaction	-	-	1,058	-	1,058
Balance as at 30 June 2024	2,713,178	(14,154)	1,145	(781,375)	1,918,794
Notes					15

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Statement of Cash Flows

	Notes	2024 R `000	2023 R `000
Group			
Cash flows from operating activities			
Cash generated by operations	27	152,221	161,673
Interest received		16,592	14,172
Interest paid		(93,621)	(92,743)
Dividends paid	29	(50,000)	(23,260)
Dividends received		24,484	18,305
Tax paid	26	(1,586)	(12,552)
Net cash inflow from operating activities		48,090	65,595
Cash flows from investing activities			
Additions to equipment	6	(2,657)	(1,381)
Additions to investment property	5	(30,749)	(9,271)
Proceeds on disposal of investment property classified as held for sale		15,489	132,382
Return of investment		5,885	139,985
Vendor finance repayments		4,000	3,000
Loans provided for supplier and enterprise development		-	(1,000)
Commission Paid	8	(1,394)	(1,745)
Return of capital on unlisted investment		(721)	-
Investment in unlisted investments	14	(30,616)	(60,327)
Proceeds on disposal of unlisted investments		6,065	-
Escrow funds received relating to the sale of a property		-	5,167
Tenant installation incurred	7	(1,516)	(3,493)
Net cash (outflow)/inflow from investing activities		(36,214)	203,317
Cash flows from financing activities			
Treasury shares acquired	15	(307)	(2,730)
Shares repurchased and cancelled	15	(155,435)	(6,278)
Transaction costs relating to repurchase		(1,698)	-
Proceeds from rights issue		85,000	-
Transaction costs relating to the rights issue		(1,196)	-
Proceeds from external loans and derivative financial instruments	28	205,072	55,000
Repayments of external loans and derivative financial instruments	28	(152,212)	(190,160)
Lease liability payment		-	(222)
Net cash outflow from financing activities		(20,776)	(144,390)
Net (decrease)/increase in cash and cash equivalents for the year		(8,900)	124,522
Cash and cash equivalents at the beginning of the year		280,116	122,278
Effect of exchange rate movement on cash and cash equivalents		(10,180)	33,316
Cash and cash equivalents at the end of the year	11	261,036	280,116

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Material Accounting Policy Information

Preparation of the financial statements

The material accounting policies applied in the preparation of the consolidated financial statements are set out in the notes to the financial statements and are consistent with those applied in the previous year, unless otherwise stated.

The consolidated financial statements were authorised for issue by the Board of directors on 23 September 2024.

1. Basis of preparation

1.1 Reporting entity

Texton Property Fund Limited is a company listed on the JSE and is domiciled in the Republic of South Africa. The consolidated annual financial statements include the financial statements of Texton Property Fund Limited ("Texton" or "the Company" or "the Fund"), its subsidiary companies, joint ventures and controlled trust (together referred to as the Group and individually as Group companies). Where reference is made to the "Group", this means the Company or the Group as appropriate in the context in which it applies.

Subsidiaries are set out in the Directors' Report.

1.2 Statement of compliance

The Group financial statements have been prepared in accordance with IFRS Accounting Standards adopted by the International Accounting Standards Board (IASB), South African reporting requirements, the requirements of the Companies Act 71 of 2008 of South Africa and the JSE Listings Requirements.

1.3 Basis of measurement

The financial statements are prepared on the historical cost basis, unless otherwise stated. The accounting policies set out below have been applied consistently to all periods presented in these financial statements. The financial statements are prepared on the basis that the Group is a going concern.

1.4 Functional and presentation currency

All items in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated annual financial statements are presented in SA Rand, which is Texton Property Fund Limited's functional and the Group's presentation currency.

1.5 Use of estimates and judgements

Significant Estimates

The most significant estimates and assumptions that may have a material impact on the financial statements are as follows:

Valuation of investment property

The Board has used the best available evidence to determine the fair value of investment properties as set out in note 5 to the financial statements. This includes current market prices for properties with similar characteristics and leases and cash flow projections. As the available information is not directly comparable, the amounts are determined within a reasonable range of fair value. The principal assumptions underlying the Board's estimation of fair value are disclosed in note 5 and include the receipt of contracted rentals, lease renewals, maintenance requirements, operational costs and appropriate discount and exit capitalisation rates.

The sensitivity analysis in note 5 provides detailed information on the changes in inputs on the valuation of investment property.

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Material Accounting Policy Information

Basis of preparation continued...

Other areas of significant judgement and estimation:

- Expected credit loss ("ECL") provision for trade receivables such as the use of market information, the credit ratings applied to categories of tenants, market growth rates and market data relating to probability of default percentages applied to calculate the ECLs. For further information, refer to note 10.
- Valuation of unlisted investments. For more information, refer to note 14.

There were no areas of significant judgement other than those involving estimation.

2. Accounting policies

2.1 Basis of consolidation

The consolidated financial statements include the assets, liabilities and results of operations of the holding company, its subsidiaries and controlled trusts. A separate set of Company annual financial statements is drafted and are signed on the same day as the consolidated financial statements.

Subsidiaries

Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to govern the financial and operating policies thereof. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Accounting for Joint Ventures

Under the equity method, interests in joint ventures are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, until the date on which significant influence or joint control ceases. Unrealised gains on transactions between the Group and a joint venture are eliminated to the extent of the Group's interest therein. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Transactions eliminated on consolidation

Intra-Group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

2.2 Financial instruments

Classification

Financial instruments are contracts that give rise to financial assets in one entity and a financial liability or equity instrument in another entity.

Non-derivative financial assets

The Group's non-derivative financial assets comprise trade and other receivables, cash and cash equivalents and loans which are classified as financial assets at amortised cost and unlisted investments held at fair value through profit or loss.

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Material Accounting Policy Information

Accounting policies continued...

On initial recognition, financial assets are measured at fair value plus, for financial assets not measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets. Subsequently, the Group measures financial assets either at amortised cost or fair value through profit or loss.

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The objective is to hold assets to collect contractual cash flows, in line with the Group's business model, and;
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets are measured at fair value through profit or loss unless they are measured at amortised cost.

The Group's non-derivative financial assets consist of:

- **Trade and other receivables**

Trade and other receivables are recognised at trade date at fair value and subsequently at amortised cost. Trade receivables are amounts due from tenants for contractual lease charges and recoveries and are classified as current unless recovery is expected more than 12 months from the reporting date.

Refer to note 10 for the composition of trade and other receivables.

The Group adopts the simplified approach to measuring expected credit losses which uses a lifetime ECLs for all trade receivables.

- **Other Receivables**

Other receivables are recognised at the trade date at fair value and subsequently at amortised cost. Other receivables are amounts that comprise of vendor financing in terms of investment property disposed.

Other receivables are carried at amortised cost, being the gross carrying amount less an allowance for ECLs. Interest earned is recognised on an accrual basis using the effective interest method.

Refer to note 9 for the composition of other receivables

- **Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits. Cash and cash equivalents are carried at amortised cost which approximates fair value.

- **Unlisted investments**

Unlisted investments are carried at fair value through profit or loss and the transaction costs are immediately recognised in profit or loss. On each measurement date, the investment is remeasured to its fair value and all gains and losses are recognised in the income statement through profit or loss.

Non-derivative financial liabilities

Initial recognition of financial liabilities is at fair value less directly attributable transaction costs.

A financial liability is derecognised when its contractual obligations are discharged or cancelled or expire.

Subsequent to initial recognition, these financial liabilities are measured as follows:

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Material Accounting Policy Information

Accounting policies continued...

- **Trade and other payables**

Trade and other payables are measured at amortised cost using the effective interest rate method.

- **External loans**

Non-derivative financial liabilities comprising long-term interest-bearing loans are subsequently measured at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings, is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

Derivative financial instruments

The Group utilises derivative financial instruments when necessary to hedge its exposure to interest rate risks and foreign currency risks arising from operational, financing and investment activities. The company does not hold or issue derivative financial instruments for trading purposes and hedge accounting is not applied

Derivative financial instruments are recognised initially at fair value. Attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value. The gain or loss on measurement to fair value is recognised immediately in profit or loss.

The Group did not enter into any derivative financial instruments during the year.

Stated capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

2.3 Investment property

Investment property is property (land and buildings) held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

On initial recognition, the investment property is measured at cost. The cost of investment property comprises the purchase price and directly attributable expenditure. Subsequent expenditure relating to investment property is capitalised when it is probable that it will result in future economic benefits and such expenditure can be measured reliably. All other subsequent expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequently, investment property is measured at fair value. Fair values are determined annually by external independent registered valuers and internally by the directors on the open market value basis. The valuers use either the discounted cash flow method or the capitalisation of net income method or a combination of both methods to determine the fair value. Gains or losses arising from changes in the fair values of investment property are included in profit or loss in the year in which they arise.

Investment property is maintained, upgraded and refurbished where necessary in order to preserve or improve the capital value as far as it is possible to do so. Maintenance and repairs which neither materially add to the value of the properties nor prolong their useful lives are charged against profit or loss.

Realised gains or losses on the disposal of investment property are recognised in profit for the year and are calculated as the difference between the proceeds and the carrying amount of the investment property as determined at the last valuation date.

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Material Accounting Policy Information

Accounting policies continued...

When the Group begins to redevelop an existing investment property for continued future use as investment property, the property remains investment property which is measured based on the fair value model and is not reclassified as property, plant and equipment during the redevelopment.

2.4 Equipment

Recognition and measurement

Items of equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

The estimated useful lives for the current and comparative periods are as follows:

Equipment	3 – 5 years
Furniture and fittings	6 years
Computer equipment	3 years
Motor vehicles	5 years

2.5 Impairment

Non-derivative financial assets

- **Trade receivables**

The Group recognises a loss allowance for ECLs on trade and other receivables which are financial assets. The amount of ECLs is updated at each reporting period. The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs (the so-called "simplified approach" of IFRS 9), which represents the ECLs that will result from all possible default events over the expected life of the financial asset.

The Group makes use of a provision matrix as a practical expedient in the determination of ECLs on trade and other receivables. The provision matrix is based on historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date.

The customer base is diverse with significantly different loss patterns for different customer segments. The Group combines customer segments which share similar credit risk characteristics for purposes of determining the credit loss allowance. Details of the provision matrix, per customer segment, are presented in note 10.

- **Other receivables**

The Group recognises a loss allowance for ECLs on other receivables that are carried at amortised cost. The amount of ECLs is updated at each reporting date to reflect changes in credit risk since initial recognition.

The loss allowance is measured using, what is referred to as the general approach, at an amount equal to lifetime ECL when there has been a significant increase in credit risk since initial recognition. If the credit risk has not increased significantly since initial recognition, then the loss allowance is measured at 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of an instrument, while 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date.

Refer to note 9 for further detail.

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Material Accounting Policy Information

Accounting policies continued...

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the loan's carrying amount through a loss allowance account.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property, are reviewed at each reporting date to determine whether there is an indication of impairment. If such an indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss. The recoverable amount of an asset is the greater of its value in use and its fair value less costs of disposal. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and there is an indication that the impairment loss no longer exists.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.6 Lease commissions

Letting commissions are written off over the period of the lease.

2.7 Investment property held for sale

Investment properties are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than continuing use.

Investment properties are only classified as held for sale when the property is available for immediate sale in its present condition, the Company is committed to a plan to sell the investment property, an active plan has been launched to locate a buyer and complete the sale, the property is being actively marketed at a sale price that is reasonable in relation to the current fair value of the non-current asset or disposal Group and the sale is expected to qualify for recognition as a completed sale within one year from the date of classification.

Investment property classified as held for sale is measured in accordance with IAS 40 Investment Property at fair value with gains and losses on subsequent measurement being recognised in profit or loss.

2.8 Treasury shares

Company shares held by subsidiaries are classified as treasury shares on consolidation and presented as a deduction from equity. These shares are held at cost in the consolidated financial statements.

Statement of financial position presentation

On purchase, the cost of the shares acquired is deducted from equity. Subsequently, any gain or loss on the sale or cancellation of the Company's own equity instruments is recognised directly in equity.

Statement of comprehensive income presentation

Dividends received on own shares are eliminated from Group profit for the year.

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Material Accounting Policy Information

Accounting policies continued...

Earnings per share

In calculating the basic earnings per share, the treasury shares are deducted from the weighted average number of shares in issue. The issued number of shares is not reduced by the treasury shares for the purpose of the dividend per share calculations.

2.9 Dividends paid

Dividends or other distributions to the holders of equity instruments, in their capacity as owners, are recognised directly in equity on the date of declaration.

2.10 Leases

Lessor accounting

The Group is party to numerous leasing contracts as the lessor of property. All leases are operating leases, which are those leases where the Group retains a significant portion of the risks and rewards of ownership.

The Group allocates the consideration to each lease and non-lease component based on the amount as stipulated in the lease agreement as the rental for the asset is separate from the recovery of expenses.

An adjustment is made to contractual rental income earned to bring to account in the current period the difference between the rental income that the entity is currently entitled to and the rental for the period calculated on a smoothed, straight-line basis over the period of the lease term. This does not affect distributable earnings.

Costs incurred in obtaining an operating lease are capitalised and these costs are recognised as an expense over the lease term.

Costs incurred in earning the lease income are recognised as an expense.

Modifications to an operating lease are accounted for from the effective date of the modification, considering any lease income received in advance or accrued lease payments relating to the original lease as part of the lease payments for the modification.

Lessee accounting

The Group is party to lease contracts as lessee for the use of property and information technology ("IT") equipment.

The Group allocates the consideration to each lease and non-lease component based on the amount as stipulated in the lease agreement as the rental for the asset is separate from the recovery of expenses.

• Right of use asset

The Group recognises the right-of-use asset at the commencement date of the lease. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liabilities, any initial direct costs incurred by the Group, any lease payments made in advance of the lease commencement date, less any incentives received.

Right-of-use assets recognised as investment property are subsequently measured at fair value.

• Low-value leased assets

Rentals for the low-value leased assets are recognised in other operating expenses. Low-value assets include IT equipment. The Group has applied the exemption in IFRS 16 for this asset, and a lease liability and right-of-use asset have not been recognised. The threshold for low-value assets are R100 000.

The rental is straight-lined over the lease term.

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Material Accounting Policy Information

Accounting policies continued...

• Variable lease payments

Variable lease payments that are based on turnover rental are excluded from the initial measurement of the lease liability and are recognised under property expenses. This has been disclosed separately under note 22.

Variable lease payments as described above are expensed as incurred.

• Short-terms leases

Lease contracts with a term of less than 12 months is considered a short-term lease. The Group has applied the exemption in IFRS 16, and a lease liability and right-of-use asset have not been recognised.

These lease payments are expensed as incurred.

2.11 Revenue

Revenue comprises rental income and recovery of expenses, excluding value added tax ("VAT").

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the term of the lease.

Tenant recoveries are levied monthly in arrears as a result of the Group recovering costs of providing the tenant with services as determined by the lease agreement. The Group negotiates the terms of the service, manages the relationship with the suppliers and is liable for payment (even if the property is vacant or the expense is not recovered from the tenant), and therefore maintains primary responsibility for providing the service. The Group acts as a principal on its own account when recovering operating costs from the tenant. The frequency and value of these recoveries are not detailed in the lease agreements as they are based on actual expenses incurred, therefore revenue from recoveries is accounted for in accordance with IFRS 15.

Revenue is recognised when a lease is signed and the tenant has taken occupation of the premises. Rental and recoveries are billed on a monthly basis on the SA properties and payment is due within the month either by the 1st or 15th of the month depending on the terms of the lease. For the properties located in the UK, rental is billed and received quarterly.

2.12 Finance income and finance costs

Finance income comprises interest income on bank balances. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on bank balances, interest on interest rate swaps and bank loans. Finance costs are expensed in the period in which they are incurred.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised to the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. Other borrowing costs are expensed in the period in which they are incurred. Borrowing costs that are not directly attributable to the acquisition, construction or production of qualifying assets are recognised in profit or loss using the effective interest method.

2.13 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Group at the exchange rates as at the dates of the transactions.

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Material Accounting Policy Information

Accounting policies continued...

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate as at the reporting date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate as at the date that the fair value was determined.

Foreign currency differences arising on translation are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the Group's presentation currency (Rand) at the exchange rates at the reporting date. The income and expenses of foreign operations are translated to Rand at the monthly average rate which approximates the actual rate.

Foreign currency translation reserve

Foreign currency differences on translation of the financial position and results of a foreign operation into the Group's presentation currency are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is disposed of, in part so that control is lost, or in full, the relevant amount in the foreign currency translation reserve is reclassified to profit or loss as part of the profit or loss on disposal.

Where the settlement of a monetary item receivable from foreign operations is neither planned nor likely in the foreseeable future, foreign currency gains or losses arising from such item are considered to form part of the net investment in the foreign operation and are recognised in other comprehensive income and accumulated in the foreign currency translation reserve in equity.

2.14 Employee benefits

Short-term employee benefits

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related services on an undiscounted basis. The accrual for employee entitlements to salaries, bonuses and annual leave represents the amount which the Group has a present obligation to pay as a result of employees' service provided to the statement of financial position date. The Group does not provide any retirement or post-retirement benefits.

Equity-settled share-based employee remuneration

For equity-settled share-based payment transactions, the Group measures the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably. If the Group cannot estimate reliably the fair value of the goods or services received, the Group measures their fair value, and their corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted.

The Group operates a Conditional Share Plan, which is classified as an equity-settled share-based payment plan, under which it receives services from employees as consideration for equity instruments of the Group. The beneficiaries under the scheme are executive directors and management. The fair value of the employee services received in exchange for the grant of shares is recognised as an expense on a straight-line basis over the vesting period, with a corresponding adjustment to the share-based payment reserve.

The total amount expensed to profit or loss is determined by reference to the fair value of the rights to the equity instruments granted, including any market performance conditions and excluding the impact of any non-market performance vesting conditions. Non-market performance vesting conditions are included in assumptions regarding the number of shares granted that are expected to vest. At the end of each reporting period, the Group revises its estimates of the number of shares granted that are expected to vest and recognises the impact of any changes in profit or loss with a corresponding adjustment to equity.

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Material Accounting Policy Information

Accounting policies continued...

The effect of all conditional shares granted is taken into account when calculating diluted earnings and diluted headline earnings per share.

2.15 Income tax

Tax expenses

The charge for current taxation is based on the taxable income for the year using the rates enacted or substantively enacted at the reporting date and any adjustment for tax payable or receivable for previous years.

The Group is a REIT as defined by Section 25BB of the SA Income Tax Act which allows a deduction of the qualifying distribution to shareholders, limited to taxable income. Profits that are not distributable in terms of section 25BB of the Income Tax Act are subject to SA tax at the applicable rate.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax

South Africa

The Group is a REIT as defined by section 25BB of the SA Income Tax Act which allows a deduction of the qualifying distribution to shareholders limited to taxable income. To the extent that no tax will become payable in future as a result of section 25BB, no deferred tax was recognised on assessed losses and items such as IFRS accounting adjustments.

To the extent that no material amounts of tax will be payable in the future as a result of future profit distributions, no deferred tax is raised on items such as a straight-line rental revenue adjustment and income received in advance.

Deferred tax is not recognised on the fair value adjustment of investment properties as capital gains tax is not applicable in terms of section 25BB. In addition, section 25BB does not allow for allowances relating to immovable property.

Allowances granted in prior years, before becoming a REIT, must be recouped in the year the immovable property is sold. A deferred tax liability will be recognised on the recoupment to the extent it will result in a tax liability after the qualifying distribution deduction.

United Kingdom and United States of America

The subsidiaries in the UK and US are subject to the normal corporation tax ("CIT") legislation in the UK and US and the special REIT rules do not apply.

A deferred tax asset has been recognised on tax losses to the extent that there are future taxable profits against which it can be offset. Recognised tax losses relate to tax obligations under CIT. A deferred tax liability is recognised on capital allowances utilised to be recouped through sale and fair value adjustments of investment property as these are to be recovered entirely through sale.

2.16 Related party transactions

Related party transactions are transactions which result in a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. Related parties refer to entities which the Group directly or indirectly, through one or more intermediaries, controls or is controlled by or is in common control with. These include the subsidiaries and Group entities. Related parties also include the directors and the entities connected to the above.

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Material Accounting Policy Information

Accounting policies continued...

2.17 Headline earnings per share

Headline earnings per share is calculated by dividing the headline earnings attributable to shareholders of the Group by the weighted average number of shares outstanding during the year, adjusted for treasury shares held.

Headline earnings per share is calculated in terms of circular 01/2023 issued by the South African Institute of Chartered Accountants.

2.18 Net asset value ("NAV") per share and net tangible asset value less deferred tax per share

NAV per share is calculated by dividing the equity of the Group by the number of shares in issue at year-end adjusted for treasury shares held.

Net tangible asset value per share is calculated by dividing the equity excluding deferred tax of the Group by the number of shares in issue at year-end adjusted for treasury shares held.

2.19 Segmental reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

All operating segments' operating results are reviewed regularly by the Group's chief executive officer to make decisions about resources to be allocated to the segment and to assess its performance and for which discrete financial information is available.

Segment results that are reported to the chief executive officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly head office expenses and income tax assets and liabilities. Segment capital expenditure is the total cost incurred during the year to acquire investment property and property, plant and equipment.

2.20 Tenant installations

Tenant installation costs are capitalised and are depreciated over the lease term.

3. Risk management

The Company's Board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The audit and risk committee is responsible for developing the Group's risk management policies, and evaluating and improving the effectiveness of risk management, control and governance processes within the Group. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risk and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. In respect of financial reporting risks, the Audit and Risk committee also oversees how management monitors compliance with the Group's risk management policies and procedures.

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Material Accounting Policy Information

Risk management continued...

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

This note 3 presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these annual financial statements.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counter party to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from tenants. Credit risk also arises from the Group's cash balances and derivative financial instruments (where these are in asset position) held with financial institutions.

Exposure to credit risk is influenced mainly by the individual characteristics of each tenant. The widespread tenant base reduces credit risk. Management has established a credit policy under which each new tenant is analysed individually for credit worthiness before the Group's standard payment terms and conditions are offered which include, in the majority of cases, the provision of a deposit of at least one month's rental. When available, the review includes external ratings.

A loss allowance is recognised for all trade receivables and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation or when a thorough investigation of the tenant's financial position has been done and it has been found that the tenant is unable to pay and higher legal cost to recover the receivable than what is owed would be incurred. Trade receivables which have been written off are not subject to enforcement activities.

The Group makes use of a provision matrix to determine the loss allowance, in accordance with the simplified approach of IFRS 9. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward-looking information and economic conditions of the industry, geographical location and tenant types as at the reporting date.

Trade receivables

The ECL is calculated by applying a loss rate to the outstanding balance of the debtor as at the financial year-end date. The portfolio is segmented into the following risk categories and separate loss rates are derived for each category:

- Region (SA/UK);
- Type of debtor (government, large listed, other);
- Arrears status of the debtor; and
- Where the debtor is in arrears, whether a payment was made in the month immediately preceding the financial year-end, or not.

The loss rate per segment is calculated as the product of the following:

- The probability of default ("PD"); and
- The loss given default ("LGD").

Probability of default

The definition of default that is used is 90 days, or more, in arrears. This definition is, however, applied carefully to certain cases:

- Certain entities, particularly the SA government, may be slow or irregular payers. A typical arrears or default provision is not necessarily held in such cases; and
- The terms of payment with certain entities may be such that payments are due less frequently than monthly.
- In the current year, the PD has been kept stable compared to the prior year, given the global recession.

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Material Accounting Policy Information

Risk management continued...

Industry statistics that are publicly available from Moody's regarding historical default behaviour are utilised to estimate 12-month PDs for government entities, large listed corporates and other small and medium sized enterprises.

Loss given default

The LGD assumptions for debtors that are not in default at the valuation date were set as follows:

- For the "large Listed" sector, industry statistics were directly applied to set the LGD assumption as this is readily available; and
- For the "other" sector, the LGD assumption was set at a level that is, in our experience, broadly consistent with past data and market practice on unsecured credit.

The LGD assumptions for debtors in default are set at the same level for those not in default, unless the debtor is material in which case management applies specific LGD assumptions.

In addition to the loss allowance, trade and other receivables and tenant recovery accounts are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

Other receivables

The Group adopts the general approach to measuring expected credit losses for all other receivables. Refer to note 9 for more information relating to the assumptions used in the calculation.

Cash and cash equivalents

The Group deposits funds with various financial institutions in SA, UK and USA. From a credit perspective, the Group places reliance on the published credit ratings of the major rating agencies together with the Group's own analysis and research.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by monitoring cash flows and ensuring that adequate cash is available and by maintaining or renewing borrowing facilities as appropriate.

The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Surplus cash is, however, utilised to reduce the other financial liabilities to optimise the borrowing costs. The facility is, however, an access facility and the surplus can be redrawn at any time should it be required to settle financial obligations.

The Group monitors its net liquidity position on a continuous basis by means of expected cash flows. The Group seeks to reduce liquidity risk through the regular review of the maturity profile of financial liabilities to reduce refinancing risk, utilising facilities with differing maturities to reduce maturity concentration and by employing revolving credit and other similar facilities.

Refer to note 35.2 for the maturity analysis.

Market risk

Market risk is the risk that changes in the market prices, such as interest rates, foreign exchange rates and equity prices, will affect profit or loss or the value of the holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return on risk.

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Material Accounting Policy Information

Risk management continued...

From the Group's perspective, the main market risks at present pertain to interest rates (both in SA and the UK) and the foreign exchange rates (principally the GBP/ZAR and USD/ZAR exchange rates). The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Group uses derivatives to manage market risks as and when needed. All such transactions are carried out within the Treasury policy guidelines as set by the Audit and Risk Committee.

The Group is exposed to general market risk relating to its unlisted investments. These investments are priced based on the underlying assets which are exposed to market risk.

The Group does not apply hedge accounting and does not enter into derivative contracts for trading or speculative purposes.

The Group did not enter into any derivative instruments during the year.

• Interest rate risk

The Group is exposed to interest rate risk on interest borrowings, cash and cash equivalents and other short-term interest bearing investments.

• Foreign currency risk

The Group's transactions are predominantly entered into in the respective functional currency of the Company and the individual subsidiaries. However, the Company utilises GBP borrowings and consequently is exposed to exchange rate fluctuations that have an impact on cash flows and financing activities. The translation of foreign operations to the presentation currency of Texton is not taken into account when considering foreign currency risk.

The Group is exposed to currency risk in terms of GBP borrowings and distributions from subsidiaries. The Group is also exposed to currency risk in terms of its USD unlisted investments and distributions from its investments.

Refer to note 35.3 for the sensitivity analysis for interest rate and foreign currency risk.

Capital risk management

The Group's objectives when managing capital are to safeguard the ability of the Company and its subsidiaries to continue as going concerns in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of external loans and trade and other payables disclosed in notes 17 and 19 and equity as disclosed in the statement of financial position. The Group monitors capital on the basis of the gearing ratio (Loan to value ratio), refer to note 17.

The Group considers the equity attributable to shareholders as the permanent capital of the Group.

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

4. Fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the methods below. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The Group has an established control framework with respect to the measurement of fair values.

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Material Accounting Policy Information

Fair values continued...

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third-party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported at each reporting date by the Group's Capital and Investment Committee for recommendation to the Board, and significant valuation issues are reported to the Group's Audit and Risk Committee.

Investment property

Independent valuation companies and the directors, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, value the Group's investment property portfolio annually. The fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows is then applied to the net annual cash flows to arrive at the property valuation.

Valuations reflect, when appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, and the market's general perception of their credit worthiness, the allocation of maintenance and insurance responsibilities between the Group and the lessee, and the remaining economic life of the property.

Unlisted investments

Texton has two types of unlisted investments which are measured at fair value.

Level 2 investments:

The fair value is determined with reference to the published NAV of the underlying REITs being the Blackstone Real Estate Income Trust iCapital Offshore Access Fund SPC and the Starwood Real Estate Income Trust Offshore Fund SPC. The NAV is an observable input at which market transactions take place.

Level 3 investments:

Level 3 investments include the PadSplit investments, Cadre real estate investment, the Greenpoint investment, Apollo investment and Faropoint investment. Fair values of these investments are determined based on the capital account valuations received from the sponsors.

Notes to the Financial Statements

5. Investment property

	Group				
	Cost	Cumulative fair value adjustments	Cumulative straight-line rental adjustment	Cumulative foreign currency adjustment	Carrying amount
	R `000	R `000	R `000	R `000	R `000
30 June 2024					
Investment property	2,102,332	(109,609)	35,977	(25,030)	2,003,670
30 June 2023					
Investment property	2,150,901	(116,335)	45,428	(2,777)	2,077,217

		30 June 2024	30 June 2023
		R `000	R `000
Reconciliation of movement in investment property for the year			
	Note		
Balance at the beginning of the year		2,077,217	2,120,715
Additions		30,749	9,271
Straight-line rental adjustment		(9,136)	2,068
Foreign currency translation adjustment		(22,253)	97,045
Fair value adjustments	25	(14,136)	(50,763)
Transfer to investment property held for sale	12	(58,771)	(101,119)
Balance at the end of the year		2,003,670	2,077,217

Reconciliation of closing balance of investment properties to valuation report.

Value as per valuation report	2,014,676	2,092,206
Net Prepaid Commission - Investment Property	(3,386)	(4,314)
Net Tenant Installations - Investment Property	(7,620)	(10,675)
Value of Properties	2,003,670	2,077,217

A register of investment property is maintained. The register is maintained at the Company's registered offices and is available for viewing.

The fair value measurement for investment properties is categorised as level 3 under the fair value hierarchy based on the inputs to the valuation techniques applied. There have been no movements to and from level 3 during the year.

The Group's policy is to have at least one-third of its properties externally valued by independent valuers each year and the remaining properties are valued internally by the directors of the company using methodology that is similar to that used by the independent valuers.

Investment property and property held for sale amounting to R2.1 billion (2023: R2.2 billion) have been pledged as security in respect of the loans disclosed in note 17.

Notes to the Financial Statements

Investment property continued...

The table below sets out the number of properties that have been selected by the directors to be externally valued as at 30 June 2024.

	% of portfolio	Number of properties	30 June 2024 R `000	30 June 2023 R `000
South Africa				
SA internally valued	52%	11	605,190	594,600
SA externally valued	48%	10	936,400	991,800
Total investment property	100%	21	1,541,590	1,586,400
SA internally valued	100%	3	70,957	60,000
SA externally valued	0%	0		36,500
Total investment property held for sale	100%	3	70,957	96,500
Total SA properties	100%	24	1,612,547	1,682,900
United Kingdom				
UK internally valued	100%	4	473,086	-
UK externally valued	0%	0	-	505,477
Total investment property	100%	4	473,086	505,477
Total UK properties	100%	4	473,086	505,477
Total				
Total internally valued	60%	15	1,078,276	594,600
Total externally valued	40%	10	936,400	1,497,277
Total investment property	100%	25	2,014,676	2,091,877
Total internally valued	100%	3	70,957	60,000
Total externally valued	0%	0	-	36,500
Total investment property held for sale*	100%	3	70,957	96,500
Total properties	100%	28	2,085,633	2,188,377

*Refer to note 12.

Details of SA valuations

Details of the external independent valuers are as follows:

Peter Parfitt (Dip Val, MIV SA, RICS) of Quadrant Properties (Pty) Ltd who is independent and is a member of the South African Institute of Valuers, independently valued five properties in the SA portfolio as at 30 June 2024.

Theunis Behrens (NDip Val) of Real Insight (Pty) Ltd who is independent and is a member of the South African Institute of Valuers, independently valued five properties in the SA portfolio as at 30 June 2024.

Valuation technique

The fair value of each property is determined by calculating its net present value by discounting forecast future net cash flows and a residual value at the end of the cash flow projection period by the discount rate of each property. The discount rate used to determine the fair value of each property is assessed with reference to observable inputs. The capitalisation rate is dependent on a number of factors including location, asset class, market conditions and the risk inherent in the property.

Notes to the Financial Statements

Investment property continued...

Significant unobservable inputs

Financial information used to calculate forecast net income includes, future growth in revenue, exit capitalisation rates and discount rates. These are further explained below.

	30 June 2024	30 June 2023
	R `000	R `000
	%	%
1) Discount rates used are included below:		
Sector		
Office	13.50%-16.00%	13.50%-15.75%
Retail	14.50%	14.75%
2) Exit capitalisation rate for year 5 used are included below:		
Sector		
Office	9.25%-11.50%	10%-11.25%
Retail	9.60%	9.50%
3) The future revenue growth rate for the 5 year projection is included below:		
Sector		
Office	4.0%-7.0%	4.0%-7.0%
Retail	7.0%	7.0%

In determining the valuations, we have adopted a conservative view on the forecast cash flows from the properties due to the current global recession.

Inter-relationship between key unobservable inputs and fair value measurements

All other factors being equal, higher net operating income would lead to an increase in the valuation of an investment property, and an increase in the capitalisation rate or discount rate would result in a lower valuation and vice versa.

Higher assumptions for rental rates, would result in an increase in projected net operating income, and thus an increase in valuation.

	30 June 2024	30 June 2023
	R `000	R `000
Sensitivity analysis to exit capitalisation rates		
Exit capitalisation rate increases by 1%	(86,551)	(84,285)
Exit capitalisation rate decreases by 1%	105,467	103,481
Sensitivity analysis to discount rates		
Discount rate increases by 1%	(54,688)	(57,079)
Discount rate decreases by 1%	57,316	60,202
Sensitivity analysis to market rentals		
Market rental decreases by 1%	(9,444)	(15,720)
Market rental increases by 1%	9,444	15,848

Notes to the Financial Statements

Investment property continued...

Details of valuation - UK

Details of the external independent valuers are as follows:

For the UK portfolio, all properties are internally valued.

The valuation has been carried out in accordance with the current edition of the RICS Valuation - Professional Standards, published by The Royal Institution of Chartered Surveyors (the Red Book).

Valuation techniques

The property valuations were prepared based on the equivalent yield or income capitalisation method whereby the fair value of property is determined by applying an equivalent yield to a market-related rental into perpetuity.

Significant unobservable inputs

	30 June 2024	30 June 2023
	GBP	GBP
1) Annual market rentals per square foot used are included below:		
Sector		
Industrial	3.3-5.8	4.5-6.5
Retail	10.81	12.5-20.0
2) Equivalent yields used are included in the below table:		
Sector		
Industrial	5.32%-6.5%	6.1%6.6%
Retail	7.75%	9.08%

In determining the valuations, we have adopted a conservative view on the forecast cash flows from the properties due to the current global recession.

Higher assumptions for rental rates and lower assumptions for operating costs would result in an increase in projected net operating income, and thus an increase in valuation.

Inter relationship between key unobservable inputs and fair value measurements

All other factors being equal, higher net operating income would lead to an increase in the valuation of an investment property, and an increase in the capitalisation rate or discount rate would result in a lower valuation and vice versa.

Higher assumptions for rental rates and lower assumptions for operating costs would result in an increase in projected net operating income, and thus an increase in valuation.

	30 June 2024	30 June 2023
	R `000	R `000
Sensitivity analysis to equivalent yields		
Equivalent yield increases by 1%	(81,590)	(69,886)
Equivalent yield decreases by 1%	90,275	93,939
Sensitivity analysis to market rentals		
Market rental decreases by 1%	(5,485)	(4,667)
Market rental increases by 1%	5,942	3,590

Notes to the Financial Statements

6. Equipment

6.1 Balances for the period

	Group		
	At cost	Accumulated depreciation	Carrying amount
Balance at 30 June 2024			
Equipment	19,466	(12,553)	6,913
Motor vehicles	165	(119)	46
Fixtures and fittings	207	(109)	98
Computer equipment	716	(716)	-
	20,554	(13,497)	7,057
Balance at 30 June 2023			
Equipment	16,843	(10,571)	6,272
Motor vehicles	165	(87)	78
Fixtures and fittings	173	(86)	87
Computer equipment	716	(621)	95
	17,897	(11,365)	6,532

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Notes to the Financial Statements***Equipment continued...*****6.2 Movements for the period**

Movements for the year ended 30 June 2024	Carrying amount as at 1 July 2023	Additions	Depreciation	Transfer to investment property held for sale	Disposals	Carrying amount as at 30 June 2024
Equipment	6,272	2,623	(1,982)			6,913
Motor vehicles	79	-	(33)	-	-	46
Fixtures and fittings	88	34	(24)	-	-	98
Computer equipment	93	-	(93)	-	-	-
	6,532	2,657	(2,132)	-	-	7,057

Movements for the year ended 30 June 2023	Carrying amount at 1 July 2022	Additions	Depreciation	Transfer to investment property held for sale	Disposals	Carrying amount at 30 June 2023
Equipment	8,374	1,381	(2,306)	(5)	(1,172)	6,272
Motor vehicles	121	-	(42)	-	-	79
Fixtures and fittings	113	-	(25)	-	-	88
Computer equipment	246		(153)	-	-	93
	8,854	1,381	(2,526)	(5)	(1,172)	6,532

Notes to the Financial Statements

7. Tenant installation

	Group	
	30 June 2024 R `000	30 June 2023 R `000
At cost	34,215	34,922
Accumulated depreciation	(26,595)	(24,247)
Carrying amount	7,620	10,675
Opening carrying amount	10,675	13,943
Additions	1,516	3,493
Transfer to held for sale	(390)	(2,413)
Depreciation	(4,181)	(4,348)
Closing carrying amount	7,620	10,675

8. Lease commissions

	Group	
	30 June 2024 R `000	30 June 2023 R `000
Opening carrying amount	4,314	7,430
Commissions incurred during the year	1,394	1,745
Transfer to held for sale	(339)	(1,331)
Amortisation of letting commission	(1,983)	(3,530)
Closing carrying amount	3,386	4,314

Notes to the Financial Statements

9. Other receivables

Other receivables consist of vendor financing and deferred receivables related to the sale of certain properties during the year.

	Stage of loan	Group	
		30 June 2024 R `000	30 June 2023 R `000
Non-current			
<i>Vendor Financing</i>			
• Auzilia Consulting (Pty) Ltd*	Performing	10,000	17,000
• Benav Properties (Pty) Ltd**	Performing	7,500	-
Deferred payment on sale of property@	Performing	4,000	4,000
Expected credit loss		(982)	(156)
Total other receivables		20,518	20,844
Current			
<i>Vendor Financing</i>			
• Isibaya Properties(Pty) Ltd***	Performing	4,560	9,661
• Auzilia Consulting (Pty) Ltd*	Performing	7,000	-
Expected credit loss		(34)	(483)
		11,526	9,178
BREIT Redemption^		108,450	-
Total other receivables		119,976	9,178

*The loan to Auzilia Consulting (Pty) Ltd bears interest at prime plus 4% per annum. R7million is to be repaid on 21 December 2024 and the balance outstanding is to be paid on 21 December 2025. To the extent interest has not been paid it will be capitalised to the loan and accrue interest thereon.

**The loan to Benav Properties (Pty) Ltd bears interest at the prime interest rate and is repayable on 31 October 2025. Interest is required to be settled as it becomes due, monthly in arrears. To the extent that the interest has not been paid when due, the unpaid interest will be capitalised and added to the capital balance of the loan. This was a non-cash transaction, refer to note 12.

***The loan to Isibaya Properties (Pty) Ltd bears interest at prime plus 4% per annum and was repayable on 8 July 2023. To the extent interest has not been paid it will be capitalised to the loan and accrue interest thereon. A further agreement was entered into in September 2023. As per the agreement the debtor was required to make capital payments on a monthly basis for the period September 2023 to July 2024 in order to settle the loan balance. The outstanding loan balance was settled in full in August 2024.

@ R4million relating to the sale of the Rynlal property has been deferred in terms of the sale agreement subject to the purchaser successfully concluding a lease with the City of Tshwane for parking. The carrying value of this amount approximates its fair value.

^Texton Property Investments Limited("TPI UK") has partially sold down its investment in Blackstone Real Estate Income Trust iCapital Offshore Access Fund SPC ("BREIT") through a redemption of 4,614 1917. At the time of investing, these funds met several strategic and investment goals for TPI, in line with group's strategy to increase its offshore property exposure. The investments continued to provide TPI UK with current income in the form of regular, stable cash distributions, achieving an attractive yield on the investments. In addition to providing monthly distributions, the funds provided TPI UK with optionality to exit the fund through a share repurchase plan (subject to certain limitations of the terms and conditions of the share repurchase plan). Given the distributions and returns achieved to date, TPI UK decided to redeem a portion of the current investments and partially realise these returns. The redemption proceeds from the disposal will be recycled in line with the group's offshore investment strategy. The proceeds from the redemptions, \$6 000 000(R109,4 million) from BREIT was received subsequent to year-end.

Impairment

An ECL allowance is recognised for all other receivables and is monitored at the end of each reporting period. Other receivables are written off when there is no reasonable expectation of recovery.

Notes to the Financial Statements

Other receivables continued...

Reconciliation of credit loss allowance

	Group	
	30 June 2024	30 June 2023
	R `000	R `000
Opening balance	(639)	-
Loss allowances on new other receivables	(826)	(639)
Reversal of allowances	449	-
Closing balance	(1,016)	(639)

Credit rating framework and credit loss allowance

In order to determine the credit loss allowance, management determines credit rating grades for each of the other receivables. In cases where there are no external ratings available, management has determined internal grades as per the following:

Internal rating grade	Definition
Performing	Low risk of default and no amounts are past due
Significant increase in credit risk	30 days past due but less than 90 days past due and no historical default
Default	90 days or more past due

All loans are graded as performing.

ECLs have been calculated in line with the general approach as follows in determining whether there has been an increase in the credit risk of the borrower. Should the receivable become more than 30 days past due, an assessment of the borrowers financial stability and ability to repay needs to be undertaken through the inspection of financial records and other available information. Where that assessment results in an inability to repay the loan, a significant increase in risk is identified and the ECL calculation in line with life time ECLs is applied. The lifetime ECL is effectively the sum of the expected life cycle of the asset's expected future loss after factoring in PDs based on a low, moderate and high scenarios and LGDs. Other receivables are only written off when a borrower has defaulted on the terms of the agreement or has ceased trading and has insufficient funds available to settle the borrowing. Discount rates used represent the interest rate attributable to the loan as per the requirements of IFRS 9. Changes in these discount rates do not have a material impact on the ECL calculation. During the current year there has been no significant increase in credit risk of any of the other receivables. All other receivables are performing and are within their credit terms.

Notes to the Financial Statements

10. Trade and other receivables

Trade and other receivables comprise:

	Group	
	30 June 2024	30 June 2023
	R `000	R `000
Trade receivables	10,553	15,671
Deposits	4,247	4,976
Tenant recovery account	9,544	8,744
Supplier and Enterprise development loans	1,001	1,001
Allowance for impairment	(8,196)	(9,702)
	17,149	20,690
Prepayments	7,427	10,627
Total trade and other receivables	24,576	31,317

Exposure to credit risk

Trade and other receivables inherently expose the Group to credit risk. The policies and procedures adopted by the Group to manage credit risk arising from trade and other receivables are disclosed in note 3: Risk management.

An ECL allowance is recognised for all trade receivables and is monitored at the end of each reporting period.

In addition to the loss allowance, trade and other receivables and tenant recovery accounts are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation or a legal process has been followed and it has come to light that the tenant has no substantial assets that could be used to settle the amount owed. Trade receivables which have been written off are not subject to enforcement activities.

The Group makes use of a provision matrix to determine the loss allowance, in accordance with the simplified approach as presented on pages 46. The provision matrix has been developed by making use of market information such as property growth rates, credit ratings and general economic conditions of the industry as at the reporting date.

Collateral relating to bank guarantees and deposits from tenants was considered in the determination of the ECL.

Even though the customer base is widespread, management monitors tenant credit risk by grouping them according to their credit characteristics. Trade receivables were grouped as follows: government, large listed and other. The provision for credit losses is therefore based on the accounts receivable age analysis along these risk groupings. The loss allowance provision is determined as follows:

Notes to the Financial Statements

Trade and other receivables continued...

Tenant class	Group				Total R `000
	Current R `000	30 days R `000	60 days R `000	Over 90 days R `000	
30 June 2024					
Government					
- gross carrying amount	4,162	-	-	-	4,162
- loss allowance (%)	0.05	-	-	-	0.05
- credit loss allowance	(2)	-	-	-	(2)
Net amount	4,160	-	-	-	4,160
Large listed					
- gross carrying amount	-	2	15	-	17
- loss allowance (%)	-	37.24	63.17	-	59.39
- credit loss allowance	-	(1)	(9)	-	(10)
Net amount	-	2	5	-	7
Other					
- gross carrying amount	12,321	192	20	8,632	21,165
- loss allowance (%)	1.27	56.25	100.00	91.53	38.68
- credit loss allowance	(157)	(108)	(20)	(7,901)	(8,186)
Net amount	12,164	84	-	731	12,978
Total trade and other					
- gross carrying amount	16,483	194	35	8,632	25,344
- loss allowance (%)	0.96	56.01	84.47	91.53	32.35
- credit loss allowance	(159)	(109)	(29)	(7,901)	(8,198)
Net amount	16,324	86	5	731	17,146
30 June 2023					
Government					
- gross carrying amount	4,920	9	-	-	4,929
- loss allowance (%)	0.04	0.04	-	-	0.04
- credit loss allowance	(2)	-	-	-	(2)
Net amount	4,918	9	-	-	4,927
Large listed					
- gross carrying amount	1	-	-	-	1
- loss allowance (%)	0.01	-	-	-	0.01
- credit loss allowance	-	-	-	-	-
Net amount	1	-	-	-	1
Other					
- gross carrying amount	11,650	296	1,432	12,085	25,463
- loss allowance (%)	0.70	29.79	51.26	72.86	39.66
- credit loss allowance	(74)	(88)	(734)	(8,805)	(9,701)
Net amount	11,576	208	698	3,280	15,761
Total trade and other					
- gross carrying amount	16,571	305	1,432	12,085	30,393
- loss allowance (%)	0.46	28.85	51.26	72.86	31.93
- credit loss allowance	(76)	(88)	(734)	(8,805)	(9,703)
Net amount	16,495	217	698	3,280	20,690

Notes to the Financial Statements

Trade and other receivables continued...

Reconciliation of credit loss allowance

	Group	
	30 June 2024 R `000	30 June 2023 R `000
Opening balance	(9,702)	(10,009)
Amounts written off	1,696	831
Loss allowances on new trade receivables	(2,154)	(944)
Reversal of allowances	1,964	420
Closing balance	(8,196)	(9,702)

Gross trade receivables has decreased by R5,1million compared to 2023 largely as a result of improved cash collections and recovery of balances.

Management has ensured that the current economic conditions have been factored into the PDs and LGDs used in the calculation.

Sensitivity analysis

Movements in the "PD" rates used would have the following impact on the ECL provision:

	30 June 2024 R `000	30 June 2023 R `000
- PD rates increase by 10%	819	970
- PD rates decrease by 10%	(819)	(970)

Movements in the "LGD" rates used would have the following impact on the ECL provision

	30 June 2024 R `000	30 June 2023 R `000
- LGD rates increase by 10%	819	970
- LGD rates decrease by 10%	(819)	(970)

Notes to the Financial Statements

11. Cash and cash equivalents

	Group	
	30 June 2024	30 June 2023
	R `000	R `000
Cash and cash equivalents comprise:		
Cash		
SA bank balances	28,516	22,625
UK bank balances	23,431	257,491
	51,947	280,116
Cash equivalents		
Cash held in nostro*	209,089	-
	261,036	280,116

*Texton Property Investments UK Limited, a subsidiary of Texton, transferred cash to Texton on 28 June 2024 (being the last day of the financial year). Legislature requires a Balance of Payments ("BOP") form to be completed when funds are transferred from abroad, as soon as that form is completed the funds reflect immediately in the designated bank account. At 30 June 2024, the related BOP form had not been completed and as a result the funds were held in nostro with Investec.

As Texton controls the cash held in nostro with completing the BOP form and as Texton has rights to the cash, the funds transferred were recognised as cash and cash equivalents and the funds are readily convertible to known amounts of cash. The BOP forms were completed subsequent to year-end.

Cash and cash equivalents comprise amounts which are immediately available and the carrying amounts are equivalent to the fair values.

All cash reserves are placed with reputable financial institutions. The bank's credit ratings are shown below which have an estimated potential default rating of zero, therefore an ECL of Rnil was raised.

Absa	Ba2 (Moody's Investor Services)
Standard Bank	Ba2 (Moody's Investor Services)
Investec	Ba2 (Moody's Investor Services)
HSBC	Aa3 (Moody's Investor Services)
Nedbank	Ba2 (Moody's Investor Services)

Notes to the Financial Statements

12. Investment property held for sale

	Group	
	30 June 2024	30 June 2023
	R `000	R `000
Opening balance	96,162	464,900
Transferred from investment property	58,771	101,119
Transferred from tenant installations	390	2,413
Transferred from lease commissions	339	1,331
Transferred from equipment	-	5
Fair value adjustments	(6,649)	(14,186)
Straight lining adjustment	-	(1,234)
Loss on disposal of investment property	(6,123)	(10,931)
Disposals *	(71,933)	(447,255)
Closing balance	70,957	96,162

*The disposal amount includes non-cash items due to vendor financing(refer to note 9).

Breakdown of closing balance

Cost	97,539	209,974
Cumulative straight-line adjustment	315	1,352
Cumulative fair value adjustment	(27,624)	(115,206)
Cumulative equipment	-	6
Cumulative commissions	338	36
Cumulative tenant installations	389	-
Closing balance	70,957	96,162

The items classified as held for sale comprise investment properties. The items were classified as held for sale as a disposal strategy was identified prior to year-end and it is expected that the transfer of the assets will be concluded within the 2025 financial year-end.

These disposals are in line with the Group's strategy of reducing the non-core portfolio of assets and in terms of improving the overall balance sheet strength.

Management has assessed the assets that were previously held for sale (ie the remainder sections of Wale Street) but not yet sold. These assets still meet the requirements of IFRS 5 and the sale of these assets is expected to conclude in the next 12 months.

Fair value losses of R6.6 million (2023: R14.2 million) for the Group were included in profit or loss for the year.

Assets of R70.9 million (2023:96.1 million) are included in the South African segment. No assets from the UK segment are included under assets held for sale.

In the prior year, direct property expenses of R1.6 million relating to a property which did not generate rental income, have been included in the operating expenses line in the statement of comprehensive income.

Notes to the Financial Statements

13. Current tax assets and liabilities

Current tax assets and liabilities comprise the following balances:

	Group	
	30 June 2024	30 June 2023
	R `000	R `000
Current tax assets that cannot be set off	4,898	5,080
Total current tax asset per the statement of financial position	4,898	5,080
Current tax liabilities that cannot be set off	(1,872)	(1,642)
Total current tax liability per the statement of financial position	(1,872)	(1,642)

Texton Property Fund Limited

(Registration Number 2005/019302/06)

Financial Statements for the year ended 30 June 2024

Notes to the Financial Statements**14. Unlisted investments**

Texton has invested in the US with five investments, and in the UK with one investment, as set out below:

2024

	Fair value Hierarchy	Commitment \$'000	Undrawn Commitment \$'000	Market Value \$'000	Market Value R'000	Dividend Income R'000
US investments						
Blackstone Real Estate Income Trust*	Level 2	12,500	-	6,409	116,150	10,471
Starwood Real Estate Income Trust*	Level 2	12,000	-	10,238	184,976	11,262
PadSplit Investment**	Level 3	2,500	-	1,822	32,911	3,245
Cadre real estate investment***	Level 3	5,000	1,873	2,725	49,237	263
GIM Investments/Apollo****	Level 3	5,500	4,911	484	8,744	-
Faropoint industrial value Fund III*****	Level 3	2,000	1,036	964	17,339	-
		39,500	7,820	22,642	409,357	25,241
UK investments						
	Fair value Hierarchy	Commitment £'000	Undrawn Commitment £'000	Market Value £'000	Market Value R'000	Dividend Income
Greenpoint/Infinium	Level 3	2,650	1,143	1,476	33,737	-

Texton Property Fund Limited

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Financial Statements for the year ended 30 June 2024

Notes to the Financial Statements

Unlisted investments continued...

2023

	Fair value Hierarchy	Commitment \$'000	Undrawn Commitment \$'000	Market Value \$'000	Market Value R'000	Dividend Income
US investments						
Blackstone Real Estate Income Trust*	Level 2	12,500	-	12,889	243,273	8,548
Starwood Real Estate Income Trust*	Level 2	12,000	-	11,750	221,786	9,523
PadSplit Investment**	Level 3	2,500	-	2,190	41,250	156
Cadre real estate investment***	Level 3	5,000	1,873	3,048	57,408	94
GIM Investments/Apollo*****	Level 3	5,500	5,060	440	8,305	-
		37,500	6,933	30,317	572,022	18,321

	Fair value Hierarchy	Commitment £'000	Undrawn Commitment £'000	Market Value £'000	Market Value R'000	Dividend Income
UK investments						
Greenpoint/Infinium	Level 3	2,650	1,548	1,110	26,568	-

2024

	Opening Balance	Acquisitions	Disposals/Redemptions	Return of capital	Fair Value Adjustments	Interest received	Foreign currency translation movement	Closing Value
Blackstone Real Estate Income Trust*^	243,273	-	(108,450)	-	(8,221)	-	(10,452)	116,150
Starwood Real Estate Income Trust*	221,786	-	(6,065)	-	(22,418)	-	(8,327)	184,976
PadSplit Investment**	41,249	-	-	(721)	(6,090)	-	(1,527)	32,911
Cadre real estate investment***	57,408	751	-	-	(13,273)	4,351	-	49,237
Greenpoint/Infinium****	26,568	9,674	-	-	(830)	-	(1,675)	33,737
GIM Investments/Apollo*****	8,305	2,809	-	-	(1,853)	-	(517)	8,744
Faropoint industrial value fund III*****		17,381	-	-	-	-	(42)	17,339
	598,589	30,615	(114,515)	(721)	(52,685)	4,351	(22,540)	443,094

^Refer to note 9 for BREIT redemption.

Texton Property Fund Limited

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Financial Statements for the year ended 30 June 2024

Notes to the Financial Statements***Unlisted investments continued...*****2023**

	Opening Balance	Acquisitions	Fair Value Adjustments	Interest received	Foreign currency movement	Closing Value
Blackstone Real Estate Income Trust*	214,202	-	(13,977)	-	43,048	243,273
Starwood Real Estate Income Trust*	207,388	-	(27,044)	-	41,442	221,786
PadSplit Investment**	40,766	-	(5,830)	-	6,313	41,249
Cadre real estate investment***	15,514	37,202	1,889	2,803	-	57,408
Greenpoint/Infinium****	7,192	14,999	1,183	-	3,194	26,568
GIM Investments/Apollo*****	-	7,894	-	-	411	8,305
	485,062	60,095	(43,779)	2,803	94,408	598,589

Texton Property Fund Limited

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Financial Statements for the year ended 30 June 2024

Notes to the Financial Statements***Unlisted investments continued...*****Investment in Blackstone Real Estate Income Trust iCapital Offshore Access Fund SPC and Starwood Real Estate Income Trust Offshore Fund SPC***

Texton Property Investments UK Limited holds investments in Blackstone Real Estate Income Trust iCapital Offshore Access Fund SPC ("BREIT Offshore") and Starwood Real Estate Income Trust Offshore Fund SPC ("SREIT Offshore"). SREIT Offshore and BREIT Offshore are Cayman feeder funds for investments into BREIT and SREIT. The price of the underlying shares that are purchased in SREIT Offshore and BREIT Offshore is determined by NAV of the respective underlying investment fund. The NAV is displayed publicly on the website of the respective funds and is determined monthly in arrears. All transactions occur at NAV, and liquidity is provided monthly in the form of share buybacks which also occur at NAV. SREIT and BREIT are considered to be traded in dealer markets. Both of these investments are classified as level 2 fair value investments.

^Refer to note 9 for details on the BREIT redemption.

SREIT Redemption

During the year, 13 976.35 shares were redeemed, the proceeds on the disposal amounted to \$319 675.45(R6.1million). Refer to note for redemptions subsequent to year-end.

PadSplit investment **

Texton has invested in a pre-institutional-grade vehicle that will look to create a platform by aggregating single-family residential homes, specifically focused on affordable living. Texton is participating in the vehicle as a limited partner in WC Ort Homes Investor LP ("the vehicle"). The vehicle is sponsored by Watchung Capital as the general partner, in partnership with Padsplit. The strategy of the vehicle is to pursue the acquisition of several hundred homes for conversion into PadSplit -eligible properties. The initial focus is on a handful of target markets including Houston, Atlanta and Dallas.

Cadre real Estate investment***

Texton has invested alongside Cadre Real Estate Management, where we have entered into an investment advisory agreement to commit capital to Cadre for investments in real estate in the United States of America ("US "or "USA"). These investments will be targeted towards compelling assets with downside protection, specifically focusing on multi family, industrial, select office and select hospitality assets.

Greenpoint/Infinium:****

TPI No 2 has made a capital commitment to the Infinium Logistics Fund ("Infinium") domiciled in the UK. Infinium is an alternative asset class focused on the commercial parking sector in Europe.

GIM Investments/Apollo*****

TPI No 2 Limited entered into a capital commitment to partner with GIM Investments PCC Ltd ("GIM") for investments in the manufactured housing real estate sector in the United States of America. The capital commitment will be deployed over an expected two-year investment period, drawn down as and when transactions are identified in accordance with the investment guidelines. GIM has identified an opportunity to invest in the development of high-end manufactured housing communities to capitalise on the shortage of affordable housing in the US.

Faropoint industrial value fund III*****

TPI No 2 has made a capital commitment to Faropoint industrial value fund III("Faropoint"). Faropoint will utilise its equity capital raise to acquire last-mile industrial assets in select US growth and value cities.

Notes to the Financial Statements

15. Share capital

	Group	
	30 June 2024	30 June 2023
	R `000	R `000
Authorised		
2 000 000 (2023: 2 000 000) ordinary shares of no par value		
Issued		
330 059 664 (2023: 363 701 103) ordinary shares of no par value	2,902,017	2,975,198
	2,902,017	2,975,198
31 961 169 (2023: 32 001 768) treasury shares of no par value	(188,839)	(188,384)
	2,713,178	2,786,814

15.1 Treasury shares

Texton continues to repurchase its shares in the open market and will do so in terms of the authority that was provided by shareholders at the annual general meeting ("AGM") on 30 November 2022 and 29 November 2023. The Group holds treasury shares via Discus House Proprietary Limited ("Discus House"), a subsidiary of Texton. Discus House purchased no(2023:685 182) shares during the year under review, bringing the total amount of shares held by Discus House to 31 853 013 shares (2023: 31 853 013).

At the General meeting held on 30 June 2023 a special resolution was passed authorising the repurchase of shares from the PIC. Texton repurchased 72 129 048 shares at R2.15 from the PIC, this represented approximately 19.8% of the total issued share capital.

Texton repurchased 108 156 shares during the year at an average price of R2.84.

	Group	
	30 June 2024	30 June 2023
	R'000	R'000
Share capital		
Ordinary shares of no par value		
Opening balance	2,786,814	2,795,822
Less: Treasury shares acquired	(307)	(2,730)
Share Repurchase	(157,133)	(6,278)
Less: Shares repurchased and cancelled	(155,435)	(6,278)
Transaction costs relating to repurchase	(1,698)	
Rights issue	83,804	-
Shares issued	85,000	-
Transaction costs relating to to rights issue	(1,196)	-
Closing balance	2,713,178	2,786,814

15.2 Share reconciliation

	Group	
	30 June 2024	30 June 2023
	Number of shares	Number of shares
Ordinary shares of no par value		
Opening balance	331,699,335	334,470,587
•Shares in issue	363,701,103	365,638,418
•Treasury shares	(32,001,768)	(31,167,831)
Movement during the year	(33,749,595)	(2,771,252)
Less: Shares repurchased and cancelled	(72,277,803)	(1,937,315)
Add: Rights issue	38,636,364	-
Less: Treasury shares acquired	(108,156)	(833,937)
Closing balance	298,098,495	331,699,335
•Shares in issue	330,059,664	363,701,103
•Treasury shares	(31,961,169)	(32,001,768)

Notes to the Financial Statements

16. Foreign currency translation reserves

Classification of reserves

The foreign currency translation reserve arose from the conversion of Texton Property Investments UK Limited from their functional currency, GBP, to SA Rand and from the conversion of TP US from USD to SA Rand on consolidation and from the conversion of the loan to TP US where settlement is neither planned nor likely in the foreseeable future and are considered to form part of the net investment in foreign operations. The loan provided to TP US, is the only loan that is provided to entities in foreign operations.

	Group	
	30 June 2024	30 June 2023
	R `000	R `000
Opening balance	27,539	(151,844)
Movement through other comprehensive income	(41,693)	179,383
Closing balance	(14,154)	27,539

The closing exchange rate as at 30 June 2024 was R22.85:GBP1 (2023: R23.93:GBP1) and the average exchange rate for the 12 months ended 30 June 2024 was R23.55:GBP1 (2023: R21.42:GBP1). The closing exchange rate as at 30 June 2024 for USD Investments was R18.07:USD1 (2023: R18.84:USD1), the average rate for the 12 months ended 30 June 2024 was R18.72:USD1 (2023 R17.78:USD1).

17. External loans and derivative financial instruments

Summary

	Group	
	30 June 2024	30 June 2023
	R `000	R `000
Standard Bank Limited (note 17.1)	582,738	555,317
Investec Private Bank Limited (note 17.2)	152,477	125,516
HSBC (note 17.3)	252,213	300,659
	987,428	981,492

Reconciliation of non-current and current portion

Non-current portion	152,197	855,813
Current portion	835,231	125,679
	987,428	981,492

Notes to the Financial Statements

External loans and derivative financial instruments continued...

17.1 Standard Bank Limited

	Group	
	30 June 2024	30 June 2023
	R `000	R `000
Standard Bank Loan Facility	661,622	706,225
Less cash available in rolling credit facility	(78,356)	(150,000)
Carried at amortised cost	583,266	556,225
Net structuring fees capitalised to loan	(528)	(908)
	582,738	555,317
Amounts to be settled within 12 months included in current liabilities	(582,738)	(163)
	-	555,154

Facility	Maturity date	Variable base rate	Margin %	Group	
				30 June 2024	30 June 2023
				R `000	R `000
R150.0 million (2023: R150.0 million)*	30 June 2024	3 month JIBAR	2.20	71,706	-
R103.7 million (2023: R103.7 million)	30 September 2025	3 month JIBAR	2.10	58,802	103,695
R452.5 million (2023: R452.5 million)	30 September 2026	3 month JIBAR	2.25	452,758	452,530
				583,266	556,225

*R150.0 million (June 2023: R150.0 million) rolling credit facility. R78.4 million was deposited into the facility during the year and is available for draw down.

Texton has a security special purpose vehicle ("SPV"), Invula Income RF Proprietary Limited, in which all SA mortgage bonds are registered. Invula then issues guarantees to the various funders. Guarantees relate to the Group's own liabilities which are already fully disclosed.

The Standard Bank loans are secured by mortgage bonds over land and buildings located in SA with a value of R1 226.3 million (2023: R1 277.2 million).

Notes to the Financial Statements

External loans and derivative financial instruments continued...

17.2 Investec Private Bank Limited

	Group	
	30 June 2024 R `000	30 June 2023 R `000
Investec Loan Facility	185,154	192,237
Less cash available in rolling credit facility	(32,285)	(66,500)
Carried at amortised cost	152,869	125,737
Net structuring fees capitalised to loan	(392)	(221)
	152,477	125,516
Amounts to be settled within 12 months included in current liabilities	(280)	(125,516)
	152,197	-

Facility	Maturity date	Variable base rate	Margin %	Group	
				30 June 2024 R `000	30 June 2023 R `000
R125.0 million (2023: R244.6 million)	30 March 2027	Prime	(0.75)	125,154	125,737
R60.0million (2023: R66.5 million)*	30 March 2027	Prime	(0.75)	27,715	-
				152,869	125,737

*R60.0 million (June 2023:R66.5 million) rolling credit facility.R32.3 million(2023:R66.5million) was deposited into the facility during the year and is available for draw down.

Texton has a security SPV, Invula Income RF Proprietary Limited, in which all SA mortgage bonds are registered. Invula then issues guarantees to the various funders.

The Investec loan is secured by mortgage bonds over land and buildings located in SA with a value of R386.3 million (2023: R378,9 million).

Notes to the Financial Statements

External loans and derivative financial instruments continued...

17.3 HSBC

	Group	
	30 June 2024 R `000	30 June 2023 R `000
Carried at amortised cost	255,549	303,995
Net structuring fees capitalised to loan	(3,336)	(3,336)
	252,213	300,659
Amounts to be settled within 12 months included in current liabilities	(252,213)	-
	-	300,659
Carried at fair value through profit or loss		
Amounts to be settled within 12 months included in current liabilities	-	(3,753)
Interest rate swaps	-	-
	-	(3,753)

Facility	Maturity date	Variable base rate	Margin %	Group	
				30 June 2024 R `000	30 June 2023 R `000
GBP10.9 million (2023: GBP12.5 million)	23 June 2025	SONIA	2.10	255,549	303,996
				255,549	303,996

The HSBC loans are secured by mortgage bonds over land and buildings, situated in the UK and directly owned by Texton, with a value of GBP20.7 million (2023: GBP21.1 million).

Notes to the Financial Statements

External loans and derivative financial instruments continued...

17.4 Bank covenants

Funder	Transaction covenant		Actual covenant		Transaction covenant		Actual covenant		Transaction covenant		Actual covenant		Transaction covenant		Actual covenant	
	Group LTV		Facility LTV		Group interest cover		Facility interest cover		Projected interest cover		Historic interest cover					
2024																
Standard	50%	27.4%	55%	48.0%	2.0 times	1.98 times	1.75 times*	1.73 times	-	-	-	-	-	-	-	-
Investec	50%	27.4%	-	-	1.8 times	1.98 times	-	-	-	-	-	-	-	-	-	-
HSBC	-	-	55%	53.0%	-	-	-	-	1.5 times	1.66 times	1.5 times	1.76 times				
2023																
Standard	50%	24.8%	60%	43.0%	2.0 times	2.22 times	1.6 times	1.83 times	-	-	-	-	-	-	-	-
Investec	50%	33.1%	55%	36.9%	2.0 times	2.01 times	-	-	-	-	-	-	-	-	-	-
HSBC	-	-	55%	59.3%	-	-	-	-	1.75 times	2.01	1.75 times	1.92 times				

Covenant breaches during the year*Standard Bank*

Texton did not meet the Standard Bank ICR at the facility level based on the interim results for 31 December 2023. However, this covenant breach was condoned by Standard Bank till 30 June 2024.

*Subsequent to year end, as part of the refinancing of facility B(the Rolling Credit Facility), the ICR at facility level was reduced as

- For each measurement period commencing on 30 June 2024 to 31 December 2024 1.60 times
- For each measurement period commencing on 1 January 2025 to 30 June 2025 1.65 times
- For each measurement period commencing on 30 June 2025 and 2026 1.75 times

Subsequent to year end, a breach on the Standard Bank Group interest cover ratio was identified. However, this breach was condoned by Standard Bank.

Investec

There were no covenant breaches with Investec at 30 June

With renewing the facilities with Investec during the year, there is no longer a requirement for a facility LTV and the Group ICR was reduced to 1.8 times.

HSBC

There were no covenant breaches with HSBC at 30 June 2024.

During the year, the historic and projected ICR levels were reduced to 150% given the rise in interest rates.

Notes to the Financial Statements

External loans and derivative financial instruments continued...**17.5 Managing interest rate benchmark reform and associated risks**

The global reform of interest benchmarks includes the replacement of some interbank offered rates ("IBOR") with alternative benchmark interest rates. The Group has exposure to IBORs on some of its loans and borrowings held with South African banks. As part of this global initiative, the Johannesburg Interbank Average Rate ("JIBAR") is being replaced by the South African Rand Overnight Index Average ("ZARONIA") as the new alternative benchmark rate. Following a year-long market observation period, the South African Reserve Bank (SARB) on 3 November 2023 announced that ZARONIA may henceforth be used in financial contracts. The SARB will determine the appropriate time for ceasing the publication of Jibar, which will be preceded by an announcement of the event and the Jibar cessation date. The contracts affected by the transition are set out in the table below.

	2024	2023
Liabilities exposed to ZAR JIBAR maturing after 30 June 2024		
External loans	511,119	680,648
Total	<u>511,119</u>	<u>680,648</u>

Notes to the Financial Statements

18. Deferred tax

	Group	
	30 June 2024	30 June 2023
	R `000	R `000
Deferred tax asset	-	1,891
Deferred tax asset comprises:		
Tax losses	-	1,891
Deferred tax liability	4,570	9,337
Deferred tax liability comprises:		
Capital allowances	(4,568)	(3,866)
Fair value adjustments	-	(5,763)

The movement in deferred tax during the year is as follows:

Opening balance deferred tax liability	9,629	24,832
Opening balance deferred tax asset	(1,891)	
Foreign currency translation movement	(678)	4,558
Recognised in profit or loss	(2,490)	(21,945)
Closing balance deferred tax asset	-	1,891
Closing balance deferred tax liability	4,570	(9,629)

South Africa

The Group is a REIT as defined by Section 25BB of the SA Income Tax Act which allows a deduction of the qualifying distribution to shareholders, limited to taxable income. To the extent that no tax will become payable in future as a result of section 25BB, no deferred tax was recognised on assessed losses and items such as IFRS accounting adjustments. Deferred tax is not recognised on the fair value adjustment of investment properties as capital gains tax is not applicable in terms of section 25BB. In addition, section 25BB does not allow for allowances relating to immovable property. Allowances granted in prior years, before becoming a REIT, must be recouped in the year the immovable property is sold. A deferred tax liability will be recognised on the recoupment to the extent it will result in a tax liability after the qualifying distribution deduction.

The corporate tax rate is 27%(2023:27%).

United Kingdom

A deferred tax asset has been recognised on tax losses to the extent that there are future taxable profits against which it can be offset. Recognised tax losses relate to tax obligations to His Majesty's Revenue and Customs under CIT. A deferred tax liability is recognised on capital allowances utilised to be recouped through sale and fair value adjustments of investment property as these are to be recovered entirely through sale.

The UK CIT rate increased to 25% with effect from 1 April 2023. This rate change was substantially enacted in the UK prior to 30 June 2021. Therefore, a rate of 25% is used in calculating the reversal of deferred tax provisions. All deferred tax regarding investment property revaluations and capital allowances claimed will reverse at 25% unless there is an intention to sell off the remaining properties before 1 April 2023.

Notes to the Financial Statements

19. Trade and other payables

Trade and other payables comprise:

	Group	
	30 June 2024	30 June 2023
	R `000	R `000
Financial instruments		
Trade and other payables	7,184	3,289
Deposits received	9,757	9,407
Accrued expenses	15,355	16,924
Other payables	4,119	2,293
Non-financial instruments		
Income received in advance	16,616	17,480
VAT payable	1,094	3,040
Total trade and other payables	54,125	52,433

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Notes to the Financial Statements

20. Investment property income

	Group	
	30 June 2024 R `000	30 June 2023 R `000
Rental income	218,871	230,922
Recoveries of utilities from tenants	63,169	66,933
	282,040	297,855

21. Property expenses

	Group	
	30 June 2024 R `000	30 June 2023 R `000
Cleaning	3,653	3,608
Commissions amortised	1,943	3,530
Other fixed asset	6,087	6,703
Electricity consumption	33,545	32,470
Gardens and landscaping	1,721	1,923
Insurance	4,568	4,172
Levies	4,396	5,359
Other municipal charges	3,269	2,419
Other property-related expenses*	9,927	12,608
Property management fees	2,134	654
Rates and taxes	23,300	21,963
Rental paid	1,284	2,720
Variable rent paid	1,109	2,720
Fixed Rental paid	175	-
Repairs and maintenance	4,659	4,491
Recovered from tenants	311	464
- Not recovered from tenants	4,113	4,027
Security	7,919	8,096
Water consumption	3,878	4,839
Waterproofing	142	452
	112,425	116,007

* Other property-related expenses include consumables, legal and professional fees, lift and air-conditioning contracts among others.

22. Other income

Other income comprises:

	Group	
	30 June 2024 R `000	30 June 2023 R `000
Sundry income	657	2,284
Dividends on unlisted investments	25,124	18,321
Reversal of impairment	35	2,559
	31,648	23,164

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Notes to the Financial Statements

23. Finance income

	Group	
	30 June 2024	30 June 2023
	R `000	R `000
Bank and other cash	15,850	9,346
Interest received on swaps	-	4,827
Interest from offshore investments	4,350	2,803
	20,200	16,976

24. Finance costs

	Group	
	30 June 2024	30 June 2023
	R `000	R `000
Amortised cost		
Standard Bank Limited (variable)	70,556	58,355
Investec Private Bank Limited (variable)	13,821	17,935
HSBC (variable)	20,117	14,336
Banks and other	150	397
Amortisation of structuring costs	3,319	3,156
Lease Liability	-	173
Fair value through profit or loss		
Interest rate swaps	-	1,753
	107,963	96,105

25. Fair value adjustments

	Group	
	30 June 2024	30 June 2023
	R `000	R `000
Investment property	(14,136)	(50,763)
Loss on disposal of property	(6,123)	(6,736)
Investment property classified as held for sale	(6,649)	(14,186)
Financial instruments at fair value through profit or loss		
Interest rate swap	-	(2,259)
Unlisted Investments	(52,685)	(43,761)
	(79,593)	(117,705)

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Notes to the Financial Statements

26. Income Tax

26.1 Income tax recognised in profit or loss:

	Group	
	30 June 2024 R `000	30 June 2023 R `000
SA normal tax expense		
Current year	-	3,916
UK normal tax expense		
Current year	(2,053)	(1,243)
Deferred tax		
Current year	2,490	21,945
	437	24,618

26.2 The income tax for the year can be reconciled to the accounting profit /(loss) as follows:

	Group	
	30 June 2024 R `000	30 June 2023 R `000
Profit/(loss) before income tax	(14,386)	(38,770)
Income tax at statutory rate-27%(2023:27.0%)	3,884	10,468
Accounting adjustments - Fair value	(8,665)	(13,556)
Accounting adjustments - IFRS	(8,418)	(462)
Non-deductible expenses	(3,524)	(964)
Wear and tear allowances	4,376	4,630
Recoupment	-	(2,779)
Scrapping allowance	-	1,476
UK Normal tax expense - adjustment in respect of prior years	(114)	864
Deferred taxation - adjustment in respect of prior years	-	(6,014)
Overprovisions in prior years	-	1,147
Prior period Controlled Foreign Corporation Taxation	-	2,860
Impact of change in tax rates on deferred taxes	(56)	4,816
S6quat rebates	2,368	3,133
Foreign tax differential*^	(6,964)	5,499
Qualifying section 25BB REIT distribution	17,550	13,500
	437	24,618
Effective tax rate	3.04%	63.50%

*Relates to the difference in tax rate between SA and UK.

^Mostly relates to revaluation gains not giving rise to deferred tax in the UK segment due to Group losses and foreign dividends received not taxable in the UK.

The income tax for the period comprises current and deferred income tax and is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it will also be recognised in other comprehensive income or directly in equity as applicable.

SA taxation

The Group is a REIT and all subsidiaries in the Group are "controlled companies"(as defined by the Income Tax Act"). The Group applies judgement in determining what sources of income constitute "rental income" as defined by section 25BB of the Income Tax Act, after deducting "qualifying distributions".

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Notes to the Financial Statements

Income Tax continued...

UK taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

US taxation

The Group is exposed to US taxation via its holdings in TP US Investments LLC, which owns the investment in PadSplit.

Non-US investors are subject to net basis US income taxation and US tax filing requirements on income that effectively connected with a US trade or business ("ECI"). ECI is subject to US income tax at regular US income tax rates, which is currently 21% for corporations.

Non-US investors are subject to a 30% gross-basis US withholding tax on certain types of US source income that is not effectively connected with a US trade or business. This tax applies to dividends, interest, rent, royalties, and other fixed or determinable annual or periodical income. The tax may be reduced or eliminated by treaty.

	Group	
	30 June 2024	30 June 2023
	R `000	R `000
Income tax paid		
Income tax receivable at the beginning of the year	5,080	3,242
Income tax payable at the beginning of the year	(1,642)	(13,054)
Current year normal tax charged to profit or loss*	(2,053)	2,673
Foreign currency translation difference	55	(1,945)
Income tax payable at the end of the year	1,872	1,642
Income tax receivable at the end of the year	(4,898)	(5,080)
	(1,586)	(12,522)

* Reconciliation to income tax per the statement of comprehensive income.

	30 June 2024	30 June 2023
	R `000	R `000
-Normal tax	(2,053)	2,673
-Deferred tax	2,490	21,945
	437	24,618

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Notes to the Financial Statements

27. Cash generated by operations

	Group	
	30 June 2024 R `000	30 June 2023 R `000
Loss before tax	(14,386)	(38,770)
Adjusted for:		
Amortisation and depreciation	8,159	10,405
Impairment allowance/(reversal of impairment)	(1,753)	388
Dividends received	(25,124)	(18,460)
Reversal of impairment	(5,885)	(2,559)
Bad debt write off	4,180	-
Finance income	(20,200)	(16,976)
Straight-line adjustment	9,136	(835)
Finance costs	107,963	96,105
Fair value adjustments	73,470	110,969
Share-based payment expense	1,145	(319)
Foreign exchange movement	-	13,687
Leave pay provision	611	(654)
Structuring fees amortised	601	3,156
Non-cash flow items	-	600
Loss on disposal of investment property	6,123	6,736
Cash generated before working capital changes	144,040	163,473
Changes in working capital		
- Decrease/ (Increase) in trade and other receivables	6,254	7,013
- Increase/(Decrease) in trade and other payables	1,927	(8,813)
Cash generated by operations	152,221	161,673

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Notes to the Financial Statements

28. Liabilities arising from financing activities

Non-cash changes

Group

	1 July R'000	Cash flows* R'000	Foreign exchange movement R'000	Changes in fair values R'000	Non cash flow repayments^ R'000	Reclassification R'000	Structuring fees amortised R'000	Interest accrual R'000	Total R'000
30 June 2024									
Non-current interest bearing borrowings	855,813	47,153	(11,641)	-	(35,243)	(709,552)	601	5,066	152,197
Current interest bearing borrowings	125,679	-	-	-	-	709,552	-	-	835,231
Total liabilities from financing activities	981,492	47,153	(11,641)	-	(35,243)	-	601	5,066	987,428
30 June 2023									
Non-current interest bearing borrowings	1,119,194	(73,376)	45,787	-	(285,212)	44,356	3,156	1,908	855,813
Current interest bearing borrowings	231,819	(61,784)	-	-	-	(44,356)	-	-	125,679
Assets held to hedge long term borrowings	(6,011)	-	3,752	2,259	-	-	-	-	-
Total liabilities from financing	1,345,002	(135,160)	49,539	2,259	(285,212)	-	3,156	1,908	981,492

*Reconciliation of cash flow

	Group	
	30 June 2024 R'000	30 June 2023 R'000
Proceeds from external loans and derivatives	205,072	55,000
Repayments of external loans and derivatives	(152,212)	(190,160)
Payment of prior year interest accrual**	(5,707)	-
	47,153	(135,160)

**Included in finance costs paid on the cash flow

^Non cash flow repayments relate to proceeds on disposals of investment property settled directly by the attorneys and interest paid directly from the RCF.

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Notes to the Financial Statements

29. Dividends paid

	Group	
	30 June 2024	30 June 2023
	R `000	R `000
Dividends	(50,000)	(23,260)

Texton is a listed REIT and as per section 13.47(a) of the JSE Listings Requirements, a REIT issuer is required to "distribute at least 75% of its total distributable profits as a distribution to the holders of its listed securities (which includes shares and linked units) by no later than four months after its financial year-end, subject to the solvency and liquidity test as defined in the Companies Act and applied in section 46 of the Act"

The Board of directors of Texton ("the Board") is pleased to announce that Texton has declared a final dividend of 20.13 cents (2023:19.26 cents) per share for the year ended 30 June 2024. The total dividend for the year is 20.13 cents (June 2023:19.26 cents).

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30. Commitments

Group	
30 June 2024	30 June 2023
R `000	R `000

Operating leases - as lessor (income)		
Minimum lease payments receivable		
- Within one year	183,245	206,070
- Second year	106,427	168,382
- Third year	66,589	102,850
- Fourth year	42,249	48,279
- Fifth year	35,114	39,997
- Later than 5 years	70,257	102,691
Contractual cash inflows	503,881	668,269
- straight line rental adjustment	35,977	45,428
Future book revenue	539,858	713,697

Operating lease income represents rentals received by the Group for its properties. Leases are negotiated for an average term of 2.0 years (2023: 2.67 years) in SA and 5.45 years (2023: 7.45 years) in the UK. Rentals on the properties escalate at an average rate of 6.32% per annum (2023: 6.27%).

Capital Commitments

Capital improvements in respect of Investment Properties

Approved and committed	-	-
Approved and uncommitted	30,105	44,744
	30,105	44,744

Capital Commitments

Capital improvements in respect of unlisted investments

Approved and committed	167,425	167,661
Approved and uncommitted	-	-
	167,425	167,661

Operating Expense

Contractual commitments in respect of general maintenance to investment property

- Within one year	4,764	4,069
- Two to five years	4,507	3,165
	9,271	7,234

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31. Related parties

Related party relationships exist between the Company, its subsidiaries, directors and key management of the Group.

Subsidiary	Location	% owned
Discus House Proprietary Limited	South Africa	100%
Imperial Com Props Proprietary Limited	South Africa	100%
Investage 183 Proprietary Limited	South Africa	100%
Nungu Trading 88 Proprietary Limited	South Africa	100%
TexStores (Pty) Ltd	South Africa	100%
Texton Property Investments UK Limited	United Kingdom	100%
US TP Investments 1 LLC	United States of America	100%
Controlled entities		
Vunani Property Investment Trust	South Africa	100%
Joint ventures		
Inception (Reading) S.a.r.l. - Broad Street Mall	United Kingdom	50%

Entity name	Nature of relationship and related party transactions
Oak Tech Trading (Pty) Ltd	Oak Tech Trading (Pty) Ltd has 97 214 624 ordinary shares pledged as security for 42 months relating to borrowings in the amount of R95.5m as at 30 June 2024. The shareholders of Oak Tech Trading (Pty) Ltd are Kloof Capital South Africa (Pty) Ltd and Geomer Investments (Pty) Ltd. Robert Franco and Marcel Golding, who are non-executive directors of Texton, are the ultimate shareholders of Kloof Capital South Africa (Pty) Ltd and Geomer Investments (Pty) Ltd, respectively. During the year, an amount of R178 124 was paid to Oak Tech as an underwriter fee.
Kloof Capital South Africa (Pty) Ltd	See above. During the current year, Texton Group paid consulting and rental fees of R1,296,802 (2023:R2,323,161.48) to the related party.
Rex Trueform Group Limited	Rex Trueform Group Limited is a related party through common shareholding of Marcel Golding. Subsequent to year end, an amount of R96, 659 was paid to Rex Trueform as an underwriter fee.

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Notes to the Financial Statements

Related parties continued...

31.1 Compensation paid to directors and prescribed officers

	Fees paid R `000	Salaries, bonuses and performance- related payments R `000	Total before IFRS 2 R'000	Share based compensation R'000	Total remuneration R `000
30 June 2024					
Executive Directors					
HSP Welleman	-	3,708	3,708	3,375	7,083
Non-executive Directors					
MJA Golding (Chairman)^	464	-	464	-	464
RA Franco	-	-	-	-	-
Independent Non-executive Directors					
AJ Hannington	355	-	355	-	355
JR Macey	437	-	437	-	437
W van der Vent	300	-	300	-	300
S Thomas~*	328	-	328	-	328
Total compensation paid to directors and prescribed officers	1,884	3,708	5,592	3,375	8,967

^R116 025 of these fees were included in the June 2024 accruals and settled subsequent to year-end.

~R81 900 of these fees were included in the June 2024 accruals and settled subsequent to year-end.

*S Thomas resigned as director on 1 July 2024.

	Fees paid R `000	Salaries, bonuses and performance- related payments R `000	Total before IFRS 2 R'000	Share based compensation R'000	Total remuneration R `000
30 June 2023					
Executive Directors					
HSP Welleman	-	4,100	4,100	28	4,128
PM Hack	-	2,507	2,507	(348)	2,159

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Related parties continued...

Non-executive Directors

MJA Golding (Chairman)

442 - 442 - 442

R Franco

- - - - -

Independent Non-executive Directors

AJ Hannington

338 - 338 - 338

JR Macey

416 - 416 - 416

W van der Vent

286 - 286 - 286

S Thomas

312 - 312 - 312

Total compensation paid to directors and prescribed officers

1,794 6,607 8,401 (320) 8,081

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Related parties continued...

31.2 Directors' holdings

30 June 2024	Direct	Indirect	Total	% holding
MJA Golding*	-	61,856,844	61,856,844	18.74%
RA Franco*	-	137,408,024	137,408,024	41.63%
JR Macey	-	38,165	38,165	0.01%
	-	199,303,033	199,303,033	60.38%

30 June 2023	Direct	Indirect	Total	% holding
MJA Golding*	-	51,876,785	51,876,785	15.72%
RA Franco*	-	119,605,113	119,605,113	36.24%
JR Macey	-	31,925	31,925	0.01%
	-	171,513,823	171,513,823	51.96%

**MJA Golding owns 55% and RA Franco owns 45% of Oak Tech*

There has been no change in the shares held by directors between the end of the financial year and the annual financial statements were signed.

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Notes to the Financial Statements

32. Earnings and headline earnings per share

Basic earnings per share

The calculation of basic earnings per share was based on the loss attributable to shareholders of R13.9 million (2023: R14.1 million) and weighted average number of shares outstanding of 281 835 454(2023: 332 407 649).

Headline earnings per share

The calculation of headline earnings per share was based on the earnings attributable to shareholders of R7.1million (2023: R54.9 million) and a weighted average number of shares outstanding of 281 835 454 (2023: 332 407 649).

	Group	
	30 June 2024	30 June 2023
	'000	'000
	Number of shares	Number of shares
Shares in issue entitled to dividends*	330,060	291,423
Weighted average number of shares in issue	281,835	332,408
Add: Weighted potential dilutive impact of conditional shares**	1,858	-
Diluted weighted average number of shares in issue	283,693	332,408

*Refer to note 39 for shares repurchased during the year.

**The conditional shares granted in terms of the Share Incentive Scheme have a weighted average dilutive effect of 1 858 333 on the weighted average shares in issue. In the prior year the impact was immaterial.

	Group			
	30 June 2024		30 June 2023	
	Gross R'000	Net R'000	Gross R'000	Net R'000
Earnings				
Profit attributable to shareholders	-	(13,949)	-	(14,152)
Headline earnings				
Loss attributable to shareholders	-	(13,949)	-	(14,152)
Fair value adjustment investment property	15,959	14,136	65,125	50,763
Fair value adjustment investment property held for sale	6,649	6,649	14,186	14,186
Reversal of impairment	-	(5,867)	-	(2,559)
Loss on sale of property held for sale	6,123	6,123	6,736	6,736
Headline earnings attributable to shareholders		7,092		54,974

Earnings

Profit attributable to shareholders - (13,949) - (14,152)

Headline earnings

Loss attributable to shareholders - (13,949) - (14,152)

Fair value adjustment investment property 15,959 14,136 65,125 50,763

Fair value adjustment investment property held for sale 6,649 6,649 14,186 14,186

Reversal of impairment - (5,867) - (2,559)

Loss on sale of property held for sale 6,123 6,123 6,736 6,736

Headline earnings attributable to shareholders 7,092 54,974

The difference between gross and net relates to deferred tax on the UK valuations.

Basic earnings per share (cents) (4.95) (4.26)

Diluted earnings per share (cents) (4.95) (4.26)

Headline earnings per share (cents) 2.52 16.54

Diluted headline earnings per share (cents) 2.50 16.54

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33. Operating segments

The Group has three reportable segments: SA direct property, UK direct property and international investments. Direct property investments are split into office, retail and industrial. This information is provided to the CEO, the Group's operating decision-making forum on a monthly basis. There are no single major customers except the SA national government.

The following summary describes the operations in each of the Group's reportable segments:

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Operating segments continued...

2024

30 June 2024

	Office R'000	Retail R'000	Industrial R'000	Corporate R'000	Storage R'000	Total R'000
SA direct property						
Investment property income	220,118	22,064	3,242	-	1,069	246,493
Straight-line rental adjustment	(8,121)	(354)	-	-	-	(8,475)
Segment revenue	211,997	21,710	3,242	-	1,069	238,018
ECL on trade receivables	(4,085)	1,333	452	(127)	-	(2,427)
Property expenses	(96,128)	(11,200)	(1,450)	(5)	(1,385)	(110,168)
Net property income	111,784	11,843	2,244	(132)	(316)	125,739
Other income	298	128	-	6,099	-	6,525
Administrative expenses	(129)	(129)	-	(31,018)	(758)	(32,034)
Impairment on vendor financing	(287)	(34)	(56)	-	-	(377)
Operating profit	111,666	11,808	2,188	(25,051)	(1,074)	99,537
Finance income	1,550	-	583	3,489	-	5,622
Finance costs	(113)	-	-	(86,046)	-	(86,159)
Fair value adjustments	(18,007)	297	(34)	-	-	(17,744)
Total segment result	95,096	12,105	2,737	(107,608)	(1,074)	1,256
Investment property	1,400,730	129,854	-	-	-	1,530,584
Equipment	6,970	36	-	46	5	7,057
Tenant installation	7,556	64	-	-	-	7,620
Other receivables	3,200	4,525	7,444	16,875	-	32,044
Letting Commission	3,306	80	-	-	-	3,386
Trade and other receivables	18,665	1,217	2,693	383	30	22,988
Cash and cash equivalents	14,974	1,730	351	219,274	1,276	237,605
Non-current assets classified as held for sale	70,957	-	-	-	-	70,957
Income tax receivable	-	-	-	4,898	-	4,898
Total segment assets	1,526,358	137,506	10,488	241,476	1,311	1,917,139
Other financial liabilities	-	-	-	(735,215)	-	(735,215)
Deferred tax	-	-	-	(3,102)	-	(3,102)
Trade and other payables	(27,672)	(6,619)	(1,367)	(5,997)	-	(41,655)

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Operating segments continued...

Income tax payable	-	-	-	19	-	19
Total segment liabilities	(27,672)	(6,619)	(1,367)	(744,295)	-	(779,953)

30 June 2024	Office	Retail	Industrial	Corporate	Total
	R'000	R'000	R'000	R'000	R'000
UK direct property					
Investment property income	-	5,243	30,304	-	35,547
Straight-line rental adjustment	-	-	(661)	-	(661)
Segment revenue	-	5,243	29,643	-	34,886
ECL on trade receivables	-	-	-	-	-
Property expenses	-	(403)	(1,854)	-	(2,257)
Net property income	-	4,840	27,789	-	32,629
Other income	-	-	-	-	-
Administrative expenses	-	(186)	(591)	(3,960)	(4,737)
Operating profit	-	4,654	27,198	(3,960)	27,892
Finance income	-	-	-	2,105	2,105
Finance costs	-	-	-	(21,804)	(21,804)
Fair value adjustments	-	-	(9,163)	-	(9,163)
Total segment result	-	4,654	18,035	(23,659)	(970)
Investment property	-	57,136	415,950	-	473,086
Deferred tax	-	-	-	-	-
Trade and other receivables	-	45	785	-	830
Cash and cash equivalents	-	14,178	86,957	(77,703)	23,432
Total segment assets	-	71,359	503,692	(77,703)	497,348
Other financial liabilities	-	-	-	(252,213)	(252,213)
Deferred tax	-	(729)	(18,903)	18,164	(1,468)
Trade and other payables	-	(4,061)	(22,133)	13,726	(12,468)
Income tax payable	-	31	(13)	(1,909)	(1,891)
Total segment liabilities	-	(4,759)	(41,049)	(222,232)	(268,040)

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Operating segments continued...

30 June 2024

	Investments R'000	Total R'000
International investments		
Other income	25,123	25,123
Foreign exchange loss	418	418
Operating profit	25,541	25,541
Finance income	12,473	12,473
Fair value	(52,686)	(52,686)
Total segment result	(14,672)	(14,672)
Unlisted investments	443,094	443,094
Trade and other receivables	757	757
Other receivables	108,450	108,450
Total segment assets	443,851	443,851

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Operating segments continued...

30 June 2024	Office R'000	Retail R'000	Industrial R'000	Investments R'000	Corporate R'000	Storage R'000	Total R'000
Total							
Investment property income	220,118	27,307	33,546	-	-	1,069	282,040
Straight-line rental adjustment	(8,121)	(354)	(661)	-	-	-	(9,136)
Segment revenue	211,997	26,953	32,885	-	-	1,069	272,904
ECL on trade receivables	(4,085)	1,333	452	-	(127)	-	(2,427)
Property expenses	(96,128)	(11,603)	(3,304)	-	(5)	(1,385)	(112,425)
Net property income	111,784	16,683	30,033	-	(132)	(316)	158,052
Other income	298	128	-	25,123	6,099	-	31,648
Administrative expenses	(129)	(315)	(591)	-	(34,978)	(758)	(36,771)
Impairment on vendor financing	(287)	(34)	(56)	-	-	-	(377)
Foreign exchange gains/(losses)	-	-	-	418	-	-	418
Operating profit	111,666	16,462	29,386	25,541	(29,011)	(1,074)	152,970
Finance income	1,550	-	583	12,473	5,594	-	20,200
Finance costs	(113)	-	-	-	(107,850)	-	(107,963)
Fair value adjustments	(18,007)	297	(9,197)	(52,686)	-	-	(79,593)
Total segment result	95,096	16,759	20,772	(14,672)	(131,267)	(1,074)	(14,386)
Investment property	1,400,730	186,990	415,950	-	-	-	2,003,670
Property, plant and equipment	6,970	36	-	-	46	5	7,057
Tenant installation	7,556	64	-	-	-	-	7,620
Other receivables	3,200	4,525	7,444	108,450	16,875	-	140,494
Letting commission	3,306	80	-	-	-	-	3,386
Unlisted investments	-	-	-	443,094	-	-	443,094
Deferred tax	-	-	-	-	-	-	-
Trade and other receivables	18,665	1,262	3,478	-	383	30	23,818
Cash and cash equivalents	14,974	15,908	87,308	757	141,571	1,276	261,794
Non-current assets classified as held for sale	70,957	-	-	-	-	-	70,957
Income tax receivable	-	-	-	-	4,898	-	4,898
Total segment assets	1,526,358	208,865	514,180	552,301	163,773	1,311	2,966,788
Other financial liabilities	-	-	-	-	(987,428)	-	(987,428)

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Operating segments continued...

Deferred tax	-	(729)	(18,903)	-	15,062	-	(4,570)
Trade and other payables	(27,672)	(10,680)	(23,500)	-	7,729	-	(54,123)
Income tax payable	-	31	(13)	-	(1,890)	-	(1,872)
Total segment liabilities	(27,672)	(11,378)	(42,416)	-	(966,527)	-	(1,047,993)

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Operating segments continued...

2023					
30 June 2023	Office	Retail	Industrial	Corporate	Total
	R'000	R'000	R'000	R'000	R'000
SA direct property					
Investment property income	210,730	32,554	22,590	-	265,874
Straight-line rental adjustment	1,082	215	84	-	1,381
Segment revenue	211,812	32,769	22,674	-	267,255
ECL on trade receivables	3,856	(1,478)	(165)	(7)	2,206
Property expenses	(93,434)	(14,841)	(5,331)		(113,606)
Net property income	122,234	16,450	17,178	(7)	155,855
Other income	1,092	768	-	3,030	4,890
Administrative expenses	(220)	(109)	(11)	(36,289)	(36,629)
Impairment on vendor financing	-	-	-	(639)	(639)
Operating profit	123,106	17,109	17,167	(33,905)	123,477
Finance income	1,514	2,593	508	3,319	7,934
Finance costs	(37)	(189)	-	(79,705)	(79,931)
Fair value adjustments	(49)	(2,404)	(6,908)	4,147	(5,214)
Total segment result	124,534	17,109	10,767	(106,144)	46,266
Investment property	1,441,891	129,849	-	-	1,571,740
Equipment	6,301	57	-	174	6,532
Tenant installation	10,675	-	-	-	10,675
Investment in joint venture					-
Other receivables	3,970	26,052	-	-	30,022
Letting Commission	4,163	151	-	-	4,314
Trade and other receivables	20,238	3,168	3,927	1,955	29,288
Cash and cash equivalents	13,931	3,733	1,105	3,856	22,625
Non-current assets classified as held for sale	46,162	-	50,000	-	96,162
Income tax receivable	-	-	-	5,080	5,080
Total segment assets	1,547,331	163,010	55,032	11,065	1,776,438
Other financial liabilities	-	-	-	(680,833)	(680,833)
Lease liability					-

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Operating segments continued...

Deferred tax	-	-	-	(3,102)	(3,102)
Trade and other payables	(27,374)	(5,254)	(1,602)	(4,651)	(38,881)
Income tax payable	-	-	-	-	-
Total segment liabilities	(27,374)	(5,254)	(1,602)	(688,586)	(722,816)

30 June 2023	Office	Retail	Industrial	Corporate	Total
	R'000	R'000	R'000	R'000	R'000
UK direct property					
Investment property income	-	4,805	27,176	-	31,981
Straight-line rental adjustment	-	-	(546)	-	(546)
Segment revenue	-	4,805	26,630	-	31,435
ECL on trade receivables	-	(2)	18	-	16
Property expenses	-	(185)	(2,216)	-	(2,401)
Net property income	-	4,618	24,432	-	29,050
Other income	-	-	1	198	199
Administrative expenses	-	(143)	(257)	(4,377)	(4,777)
Loss from joint venture	-	-	-	-	-
Operating profit	-	4,475	24,176	(4,179)	24,472
Finance income	-	-	-	9,042	9,042
Finance costs	-	-	(116)	(16,058)	(16,174)
Total segment result	-	(261)	(33,546)	(15,656)	(49,463)
Trade and other receivables	-	600	1,400	29	2,029
Total segment assets	-	69,770	503,972	24,981	598,723
Other financial liabilities	-	-	-	(300,659)	(300,659)
Deferred tax	-	(764)	(5,471)	-	(6,235)
Trade and other payables	-	(3,500)	(10,034)	-	(13,534)
Income tax payable	-	-	(13)	(1,629)	(1,642)
Total segment liabilities	-	(4,264)	(15,518)	(302,288)	(322,070)

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Operating segments continued...

30 June 2023	Investments R'000	Total R'000
International investments		
Other income	18,075	18,075
Administrative expenses		
Foreign exchange loss	(7,960)	(7,960)
Operating profit	10,115	10,115
Fair value	(45,688)	(45,688)
Total segment result	(35,573)	(35,573)
Unlisted investments	598,590	598,590
Cash and cash equivalents	168,165	168,165
Total segment assets	766,755	766,755

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Operating segments continued...

30 June 2023	Office R'000	Retail R'000	Industrial R'000	Investments R'000	Corporate R'000	Total R'000
Total						
Investment property income	210,730	37,359	49,766	-	-	297,855
Straight-line rental adjustment	1,082	215	(462)	-	-	835
Segment revenue	211,812	37,574	49,304	-	-	298,690
ECL on trade receivables	3,856	(1,480)	(147)	-	(7)	2,222
Property expenses	(93,434)	(15,026)	(7,547)	-	-	(116,007)
Net property income	122,234	21,068	41,610	-	(7)	184,905
Other income	1,092	768	1	18,075	3,228	23,164
Administrative expenses	(220)	(252)	(268)	-	(40,666)	(41,406)
Impairment on vendor financing	-	-	-	-	(639)	(639)
Restructure of loans and borrowings	-	-	-	-	-	-
Foreign exchange gains/(losses)	-	-	-	(7,960)	-	(7,960)
Profit on disposal of subsidiary	-	-	-	-	-	-
Impairment of interest in joint venture	-	-	-	#	-	-
Loss on disposal of subsidiary	-	-	-	#	-	-
Capital expenses	-	-	-	#	-	-
Total segment result	124,534	16,848	(22,779)	(35,573)	(121,800)	(38,770)
Investment property	1,441,891	189,683	445,643	-	-	2,077,217
Tenant installation	10,675	-	-	-	-	10,675
Investment in joint venture	-	-	-	#	-	-
Other receivables	3,970	26,052	-	-	-	30,022
Letting commission	4,163	151	-	-	-	4,314
Unlisted investments	-	-	-	598,590	-	598,590
Deferred tax	-	-	-	-	1,891	1,891
Other non-current assets	-	-	-	#	-	-
Other financial assets	-	-	-	#	-	-
Restricted cash	-	-	-	#	-	-
Trade and other receivables	20,238	3,768	5,327	-	1,984	31,317
Cash and cash equivalents	13,931	13,069	58,034	168,165	26,917	280,116
Non-current assets classified as held for sale	46,162	-	50,000	-	-	96,162

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Operating segments continued...

Income tax receivable	-	-	-	-	5,080	5,080
Total segment assets	1,547,331	232,780	559,004	766,755	36,046	3,141,916
Other financial liabilities	-	-	-	-	(981,492)	(981,492)
Lease liability	-	-	-	-	-	-
Deferred tax	-	(764)	(5,471)	-	(3,102)	(9,337)
Trade and other payables	(27,374)	(8,754)	(11,636)	-	(4,651)	(52,415)
Income tax payable	-	-	(13)	-	(1,629)	(1,642)
Total segment liabilities	(27,374)	(9,518)	(17,120)	-	(990,874)	(1,044,886)

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34. Investment in joint venture: Inception (Reading) S.a.r.l - Broad Street Mall*

	Group	
	30 June 2024 R `000	30 June 2023 R `000
Opening balance	0	137,426
Current period loss from joint venture	-	-
Funds received from joint venture	(5,887)	(139,985)
Reversal of impairment	5,887	2,559
Closing balance	-	0

Additional distribution of R5.9 million was received during the year from the joint venture in excess of the carrying amount. Refer note 22.

The Group has a 50% (2023: 50%) interest in Broad Street Mall and Texton exercised joint control. This interest was accounted for using the equity method. The company's principal place of business in the UK is a company incorporated in Luxembourg.

On 25 June 2022, Broad Street Mall was sold to a third-party. Inception (Reading) S.à.r.l. will be liquidated in the near future once all remaining liabilities and contingent assets have been settled and received.

35. Risk management

The Group's financial instruments consist mainly of deposits with banks, interest-bearing liabilities, derivative instruments, amounts due from subsidiaries, Group entities and third parties, trade and other receivables and trade and other payables and unlisted investments.

The Group has exposure to the following risks from its use of financial instruments:

- Liquidity risk;
- Credit risk; and
- Market risk.

While risk management is the ultimate responsibility of the Board of Directors, the Board has delegated this responsibility to the audit and Risk Committee which is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to ensure:

- improved risk management and control;
- the efficient allocating of funds to maximise returns;
- the maintenance of acceptable levels of risk within the Group as a whole; and
- efficient liquidity management and control of funding.

The Audit and Risk Committee reviews Management's compliance with the Group's risk policies and procedures and assesses the adequacy of the risk management framework. The Committee reports regularly to the Board of Directors.

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Risk management continued...

35.1 Classification of financial instruments

The table below sets out the Group's accounting classification of each class of financial asset and liability.

	Note	Group			
		At amortised cost		Fair value through profit or loss	
		30 June 2024	30 June 2023	30 June 2024	30 June 2023
Financial assets					
Other receivables	9	140,494	30,022	-	-
Loan to joint venture	36	-	-	-	-
Unlisted investments	15	-	-	443,094	598,590
Trade and other receivables	10	17,149	20,690	-	-
Cash and cash equivalents	11	261,036	280,116	-	-
		418,679	330,828	443,094	598,590
Financial liabilities					
External loans and derivative financial instruments	17	987,428	981,492	-	-
Trade and other payables	19	36,415	31,915	-	-
		1,023,843	1,013,407	-	-

Financial instruments that are carried at amortised cost, due to the fact that interest is market-related; the amortised cost approximates the fair value.

35.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group ensures that it always has adequate funds available and seeks to borrow for as long as possible at the lowest cost. Liquidity requirements are managed by monitoring forecast cash flows and the maturity profile of financial liabilities.

A maturity analysis of financial liabilities is set out in the table below.

	Group			
	Carrying amount	Contractual cash flows	Less than 1 year	2 - 5 years
30 June 2024				
Non-interest-bearing	36,415	36,415	36,415	-
Variable interest rate instruments	987,428	1,175,425	420,904	754,521
Non-derivative financial liabilities	1,023,843	1,211,840	457,319	754,521
30 June 2023				
Non-interest-bearing	31,915	31,915	31,915	-
Variable interest rate instruments	981,492	1,476,370	210,865	996,389
Non-derivative financial liabilities	1,013,407	1,508,285	242,780	996,389

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Risk management continued...

35.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising returns. The Group enters into derivatives and incurs financial liabilities in order to manage market risks. All such transactions are carried out within the guidelines set by the Audit and Risk Committee.

Interest rate risk

The Group is exposed to interest rate risk as it borrows funds at variable interest rates.

	Group	
	30 June 2024	30 June 2023
Variable rate instruments		
Financial assets	278,185	300,806
Financial liabilities	(987,428)	(981,492)
	(709,243)	(680,686)

Cash flow sensitivity analysis for variable rate instruments

A change of 50 basis points in the interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amount shown below. This analysis assumes that all other variables remain constant.

	Group	
	30 June 2024	30 June 2023
	R `000	R `000
Effect on equity and profit or loss		
50 bps increase	(3,546)	(3,403)
50 bps decrease	3,546	3,403

The Group adopts a policy to manage its exposure to changes in interest rates on borrowings on a fixed basis. This is achieved by entering into fixed rate swap instruments. During the financial year the Group did not enter into such instruments. All such transactions are carried out within the guidelines of the Audit and Risk Committee. As a consequence, in the current year the Group is not exposed to fair value interest rate risk in respect of the fair value of its interest rate financial instruments, which will not have an impact on distributions. Short-term receivables and payables and investments are not directly exposed to interest rate risk.

Short-term receivables and payables and investments are not directly exposed to interest rate risk.

Currency risk

Currency risk related to investments in foreign operations for SA Operations

The Group has interests in entities which operate in the UK. A portion of the Group's revenue is earned in the UK. The Group is exposed to fluctuations in the GBP exchange rate. The Group also has exposure to the USD-denominated investments and the Group has exposure to fluctuations in the USD exchange rate. The Group matches its financing currency with its earnings i.e. GBP-denominated debts is used to finance UK operations to ensure that there is no mismatch in financing costs.

Currency risk related to foreign transactions

The Group operates predominantly within its own common monetary area and therefore the Group has no significant currency risk with regard to its South African operational activities. During 2024 and 2023 it was not the Group's policy to hedge transactions which are denominated in a currency other than the entity's functional currency, which only occurs with loans for acquisitions in foreign countries.

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Risk management continued...

The following significant exchange rates applied during the year:

	2024		2023	
	Closing rate R	Average rate R	Closing rate R	Average rate R
GBP	22.85	23.55	23.93	21.42
USD	18.07	18.70	18.84	17.78

Sensitivity analysis

A 10% strengthening of the Rand against the USD as at 30 June would have increased/decreased profits and equity by the amount shown below. This calculation assumes that all other variables, in particular interest rates, remain constant.

	Group	
	30 June 2024	30 June 2023
	GBP'000	GBP'000
Unlisted investments (USD)	(40,914)	(57,117)
Unlisted investments (GBP)	(3,373)	(2,656)

A 10% weakening of the Rand against the USD as at 30 June would have the equal but opposite effect on the currency to the amount shown above on the basis that all variables remain the same.

35.4 Credit risk

Credit risk is the risk of financial loss to the Group if a tenant or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from tenants, loans to subsidiaries and joint ventures

The carrying amount of the financial assets below represents the maximum credit exposure. The maximum exposure to credit risk was:

	Group	
	30 June 2024	30 June 2023
	R `000	R `000
Trade and other receivables - Gross Carrying amount	25,345	30,392
Trade and other receivables allowance	(8,196)	(9,702)
Cash and cash equivalents	261,036	280,116
	278,185	300,806

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Risk management continued...

35.5 Fair values

The carrying value of the assets and liabilities carried at amortised cost approximate their fair value.

The fair value of trade receivables approximates its carrying amount as it is short-term in nature. The fair values of all financial instruments, interest rate swaps and variable rate liabilities are substantially the same as the carrying amounts reflected on the statement of financial position.

Fair value hierarchy

The Group measures fair values using the following hierarchy that reflects the significance of the inputs used in making the measurements:

- | | |
|-------------|--|
| ● Level 1: | Quoted prices (unadjusted) in an active market for an identical instrument. |
| ● Level 2 : | Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. |
| ● Level 3 : | Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category also includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments. |

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair values using valuation techniques. Valuation techniques include net present value and discounted cash flow models and comparison to similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premiums used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument as at the reporting date which would have been determined by market participants acting at arm's length.

The Group uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, like interest rate swaps that use only observable market data and require little judgement and estimation.

Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives and simple over-the-counter derivatives like interest rate swaps. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with the determination of fair values.

Investments at fair value in level 3 represent investment properties, investment properties held for sale, the loan to the joint venture (2022) and unlisted investments. A detailed reconciliation, as well as a sensitivity analysis of all major assumptions, have been included as part of the investment property (note 5). All fair value adjustments were accounted for in profit or loss. Refer to note 14 for the unlisted investments analysis.

Cash and cash equivalents are not fair valued and the carrying amounts are presumed to equal fair value. Short-term receivables and short-term payables are measured at amortised cost and approximate fair value due to the short-term nature of these instruments. These instruments are not included in the fair value hierarchy.

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Risk management continued...

The table below analyses financial instruments carried at fair value by valuation method.

Valuation method	Group			
	Level 1 R `000	Level 2 R `000	Level 3 R `000	Total R `000
30 June 2024				
Unlisted Investments	-	301,126	141,968	443,094
Investment properties	-	-	2,003,670	2,003,670
Investment property held for sale	-	-	70,957	70,957
30 June 2023				
Unlisted Investments	-	465,059	133,531	598,590
Investment properties	-	-	2,077,217	2,077,217
Investment property held for sale	-	-	96,162	96,162

Type	Valuation technique	Significant unobservable inputs	Interrelationship between key unobservable inputs and fair value measurements
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Level 2 fair values

The following table shows the valuation techniques used in measuring level 2 fair values:

Derivative financial instruments - interest rate swaps	Fair valued monthly by Investec using mark-to-market mid-market values. This involves, inter alia, discounting the future cash flows using the yield curves at the reporting date and the credit risk inherent in the contract.	Not applicable	Not applicable
Other financial assets - interest in Blackstone Real Estate Income Trust iCapital Offshore Access Fund SPC	The fair value of the investment is determined with reference to the published price which is based on the underlying NAV of the underlying REIT being The Blackstone Real Estate Income Trust iCapital Offshore Access Fund SPC, a private unlisted REIT.	Not applicable	Not applicable
Other financial assets - interest in Starwood Real Estate Income Trust Offshore Fund SPC (SREIT offshore)	The fair value of the investment is determined with reference to the published price which is based on the underlying NAV of the underlying REIT being Starwood Real Estate Income Trust Offshore Fund SPC, a private unlisted REIT.	Not applicable	Not applicable
		Not applicable	Not applicable

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Risk management continued...

Level 3 fair values

The following table shows the valuation techniques used in measuring level 3 fair values:

Investment properties	Refer to note 5	Refer to note 5	Refer to note 5
Unlisted investments: PadSplit, Greenpoint, Cadre, Apollo and Faropoint	Texton will rely on the sponsor valuations to determine fair value at each valuation date. These valuations in turn are based on the underlying NAV of the investments.	n/a	n/a

36. Share-based payment reserve

	Group	
	30 June 2024 R `000	30 June 2023 R `000
Opening balance	87	407
Expense/(credit) recognised in profit or loss	1,058	(320)
Closing balance	1,145	87

In terms of the Conditional Share Plan ("CSP"), approved and adopted by shareholders on 30 November 2020, the company has granted conditional shares to the executive directors and staff. The full details of the scheme are included in the remuneration report.

Details of the conditional shares awarded are set out below :

	Tranche 2 30-Jun-22	Tranche 3 30-Jun-23	Total
	30-Jun-24	30-Jun-27	
HSP Welleman			
Opening shares	63,360	-	63,360
Shares awarded	-	658,000	658,000
Total shares awarded	63,360	658,000	721,360

The CSP awards have been recognised as equity-settled share-based payments as a separate category within equity. The fair value of the CSP has been measured using the Black-Scholes model.

Details of the plan

The shares awarded under tranche 2 comprise performance shares (65%) which are subject to a two-year service period and the achievement of certain financial and individual performance measures and retention shares (35%) which are subject to a 2 year service period only.

The shares awarded under tranche 3 comprise performance shares (65%) which are subject to a two-year service period and the achievement of certain financial and individual performance measures and retention shares (35%) which are subject to a 3 year service period only.

On the vesting date the participant is entitled to settlement of the award and no amount is payable by the participant for the settlement of shares that have vested. The actual quantum of shares received by a participant on vesting will depend on the extent to which the performance conditions, set out in the award letter, are achieved and will be determined over the performance period. No conditional shares vested during the year.

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37. Events after the reporting date

The following events are reported:

Renewal of Standard Bank facility

Subsequent to year-end, Texton renewed its expiring facility with Standard Bank for a further 36 months at a margin of 1.55% below the prime interest rate.

SREIT redemption

Texton Property Investments Limited ("TPI UK") has partially sold down its investment in Starwood Real Estate Income Trust ("SREIT") through a redemption of 33 530 shares respectively (the "Disposal").

At the time of investing, these funds met several strategic and investment goals for TPI, in line with group's strategy to increase its offshore property exposure. The investments continued to provide TPI UK with current income in the form of regular, stable cash distributions, achieving an attractive yield on the investments. In addition to providing monthly distributions, the funds provided TPI UK with optionality to exit the fund through a share repurchase plan (subject to certain limitations of the terms and conditions of the share repurchase plan). Given the distributions and returns achieved to date, TPI UK decided to redeem a portion of the current investments and partially realise these returns. The redemption proceeds from the disposal will be recycled in line with the group's offshore investment strategy.

The proceeds from the redemption, \$758,623(R13 824 712), was received subsequent to year-end.

Investment in TPI Canvas

Subsequent to year-end, the Group, concluded to invest in a partnership ("the Partnership") with WS Industrial GP LLC ("Canvas") to acquire 90% of an infill class-B stand-alone industrial property ("Property") in North Carolina, United States of America ("US").

The Group concluded a limited partnership agreement for 90% of the partnership interest with the remaining 10% being committed by Canvas as the general partner. The initial capital contribution of USD2,747,950 (R50,232,526) will contribute to acquiring the property and the related transaction costs to be incurred. The remaining capital commitment of USD430,315 (R7,866,158) will provide for possible repurposing of the property upon the expiry of the lease.

Disposal of Properties located in the UK

Subsequent to year-end, the Group finalised the disposal of two properties located in the UK. The property located in Heapham Road Industrial Estate, in Gainsborough, was disposed of on 9 September 2024, for a consideration of £7 300 000(R171,4 million).

The property located in Pease Road, Peterlee, was disposed of on 20 September 2024 for a consideration of £ 8 300 000(R193.4million).

The proceeds from both the sales were utilised to repay debt.

Declaration of a final dividend

The Board of directors of Texton ("the Board") is pleased to announce that Texton has declared a final dividend of 20.13 cents (2023:19.26 cents) per share for the year ended 30 June 2024. The total dividend for the year is 20.13 cents (June 2023:19.26 cents).

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38. Going concern

The Group has reasonably satisfied the liquidity and solvency test as required by the Companies Act and the directors have satisfied themselves that the Group are in a sound financial position and that they have access to sufficient facilities to their foreseeable cash requirements.

It's noted that as at 30 June 2024, the Group's current liabilities exceed its current assets. However, the directors have considered the below to reasonably satisfy themselves that the Group is in a sound financial position:

- Renewal of expiring facility with Standard Bank

Subsequent to year-end, the Group successfully renewed its expiring facility with Standard Bank for a further 36 months;

- Condonement on Standard Bank covenant breach

The breach identified on the Group Interest Cover Ratio with the Standard Bank, was condoned subsequent to year-end.

- Sale of assets in the next 12 months

Expected proceeds from the sale of assets in the next 12 months is R70.9million, proceeds from the sale of assets will be utilised to reduce debt or placed in the rolling credit facility;

- BREIT redemption

\$6000 000(R109,4million) was received subsequent to year-end from the BREIT redemption.

- UK property disposals and repayment of HSBC debt

As disclosed in the subsequent event note, proceeds from the sale of Gainsborough and Peterlee were utilised to repay debt with HSBC which is falling due within the next 12 months.

The directors consider that the Group has adequate resources to continue operating for the foreseeable future and realise its assets and settle its liabilities in the ordinary course of business. As such, it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

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39. Standards, amendments and interpretations effective for the first time at 30 June 2024

The standards, amendments and interpretations effective for the first time in the current financial year has been summarised below. The impact of the adoption of these standards have been considered.

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Standards, amendments and interpretations effective for the first time at 30 June 2024 continued...

Statement	Effect for accounting periods beginning on or after	Summary of key points	Impact on the Group
Amendments to IAS 1: Classification of liabilities as current or non-current	Annual periods beginning on or after 1 January 2024.	The amendments aims at providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date.	This amendment was early adopted by the Group during the year ended 30 June 2023.
IAS 1 Presentation of Financial Statements(Amendment- Non-current Liabilities with covenants)	Annual periods beginning on or after 1 January 2024.	Subsequent to the release o amendments to IAS 1 Classification of Liabilities as Current or Non-current, the IASB amended IAS 1 further in October 2022. If an entity's right to defer is subject to the entity complying with specified conditions, such conditions affect whether that right exists at the end of the reporting period, if the entity is required to comply with that condition after the reporting period. The amendments also provide clarification on the meaning of "settlement" for the purpose of classifying a liability as current or non-current.	This amendment was early adopted by the Group during the year ended 30 June 2023.
IAS 1 Presentation of Financial Statements and IFRS Practice Statement 1	Annual periods beginning on or after 1 January 2023.	In February 2021, the IASB issued amendments to IAS 1, which change the disclosure requirements with respect to accounting policies from 'significant accounting policies' to 'material accounting policy information'. The amendments provide guidance on when accounting policy information is likely to be considered material. The amendments to IAS 1 are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted. As IFRS Practice Statements are non-mandatory guidance, no mandatory effective date has been specified for the amendments to IFRS Practice Statement 2.	The impact of the amendment is not material
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	Annual periods beginning on or after 1 January 2023.	In February 2021, the IASB issued amendments to IAS 8, which added the definition of Accounting Estimates in IAS 8. The amendments also clarified that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from correction of prior period errors.	The impact of the amendment is not material
IAS 12 Income Taxes(Amendment - Deferred Tax related to Assets and Liabilities arising from a Single Transaction)	Annual periods beginning on or after 1 January 2023.	In May 2021, the IASB issued amendments to IAS 12, which clarify whether the initial recognition exemption applies to certain transactions that result in both an asset and a liability being recognised simultaneously (e.g. a	The impact of the amendment is not material

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Notes to the Financial Statements

Standards, amendments and interpretations effective for the first time at 30 June 2024 continued...

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Notes to the Financial Statements

40. Standards and interpretations not yet effective

In terms of IFRS, the Company is required to include, in its annual financial statements, disclosure about the future impact of standards and interpretations issued but not yet effective as at the issue date.

At the date of authorisation of the annual financial statements of the Company for the year ended 30 June 2024, the following standards and interpretations were in issue but not yet effective which are applicable to the Company:

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Standards and interpretations not yet effective continued...

IFRS 16 Leases(Amendment - Lease Liability in a Sale and Leaseback)	Annual periods beginning on or after 1 January 2024	The IFRS Interpretations Committee issued an agenda decision in June 2020 – Sale and leaseback with Variable Payments. This matter was referred to the IASB for standard setting for some aspects. The IASB issued the final amendments in September 2022. The Amendments provide a requirement for the seller-lessee to determine ‘lease payments’ or ‘revised lease payments’ in a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee.	The changes are not expected to have a material impact on the Group financial statements.
IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures (Amendment - Supplier Finance Arrangements)	Annual periods beginning on or after 1 January 2024	The amendments require to provide specific disclosures related to supplier finance arrangements. Guidance on characteristics of supplier finance arrangements is also provided.	The changes are not expected to have a material impact on the Group financial statements.
IAS 21 The Effects of Changes in Foreign Exchange Rates (Amendment – Lack of Exchangeability)	Annual periods beginning on or after 1 January 2025	The amendments introduce requirements to assess when a currency is exchangeable into another currency and when it is not. It requires an entity to estimate the spot exchange rate when it concludes that a currency is not exchangeable into another currency.	The changes are not expected to have a material impact on the Group financial statements.

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Standards and interpretations not yet effective continued...

IFRS 18 Presentation and Disclosure in Financial Statements	Annual periods beginning on or after 1 January 2027	IFRS 18 is the culmination of the IASB's Primary Financial Statements project. IFRS 18 introduces three sets of new requirements to improve companies' reporting of financial performance and give investors a better basis for analyzing and comparing companies: • Improved comparability in the statement of profit or loss (income statement) through the introduction of three defined categories for income and expenses- operating, investing and financing- to improve the structure of the income statement, and a requirement for all companies to provide new defined subtotals, including operating profit. • Enhanced transparency of management-defined performance measures with a requirement for companies to disclose explanations of those company-specific measures that are related to the income statement. • More useful grouping of information in the financial statements through enhanced guidance on how to organize information and whether to provide it in the primary financial statements or in the notes, as well as a requirement for companies to provide more transparency about operating expenses. This Standard replaces IAS 1 Presentation of Financial Statements. It carries forward many requirements from IAS 1 unchanged.	Management is in the process of assessing the impact of the implementation of IFRS18
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Annexure A

SA REIT Best Practice Disclosures (Non-IFRS Measures)

The second edition of the SA REIT Association best practice recommendations was issued in November 2019, outlining the need to provide consistent and disclosure of relevant ratios in the SA REIT sector. This will ensure information and definitions are clearly presented, enhancing comparability and consistency across the sector. The comparative figures have been computed and disclosed on the same basis.

SA REIT Funds from Operations (SA REIT FFO) per share	30-Jun-24	30-Jun-23
	R'000	R'000
Profit or loss per income statement	(13 949)	(14 152)
Accounting/specific adjustments:-	84 618	84 237
Fair value adjustments to:		
o Investment property	20 785	50 763
o Debt and equity instruments held at fair value through profit or loss	-	2 259
o Fair value gains on unlisted investments	52 685	43 761
Depreciation and amortisation of intangible assets	8 031	10 234
Asset impairments (excluding goodwill) and reversals of impairment	-	-
Gains or losses on modification of financial instruments	-	-
Deferred tax movement recognised in profit or loss	6 020	(21 945)
Straight-lining operating lease adjustment	9 136	(835)
Adjustments arising from investing activities:-	6 123	20 922
Gains or losses on disposal of:		
o Investment property held for sale	6 123	20 922
Foreign exchange and hedging items:-	-	7 960
Adjustments to amounts recognised in profit or loss relating to derivative financial instruments	418	7 962
Reclassified foreign currency translation reserve	-	-
Foreign exchange gains or losses relating to capital items – realised and unrealised	-	(2)
Tax impact	86	(1 632)
SA REIT FFO:	76 460	97 335
Number of shares outstanding at end of period (net of treasury shares)	298 098	331 699
SA REIT FFO cents per share:	25.65	29.34
Income available for distribution	82 795	99 138
Number of shares outstanding used for dividends	298 098	259 570
Distributable income per share before pay-out ratio: (cents per share)	27.77	38.19
SA REIT Net Asset Value (SA REIT NAV)	30-Jun-24	30-Jun-23
	R'000	R'000
Reported NAV attributable to the parent	1 918 795	2 097 014
Adjustments:		
Dividend to be declared	(60 000)	(50 000)
Fair value of certain derivative financial instruments	-	-
Deferred tax	4 570	7 446
SA REIT NAV:	1 863 365	2 054 460
Shares outstanding		
Number of shares in issue at period end (net of treasury shares)	298 098	331 699
Dilutive number of shares in issue	298 098	331 699
SA REIT NAV per share (cents):	625.08	619.37

Annexure A

SA REIT Best Practice Disclosures (Non-IFRS Measures)

SA REIT cost-to-income ratio	30-Jun-24 R'000	30-Jun-23 R'000
Expenses		
Operating expenses per IFRS income statement (includes municipal expenses)	112 425	116 007
Administrative expenses per IFRS income statement	36 772	41 407
Exclude:		
Depreciation expense in relation to property, plant and equipment of an administrative nature and amortisation expense in respect of intangible assets	-	-
- Building selling costs	-	-
Operating costs	149 197	157 414
Rental income		
Contractual rental income per IFRS income statement (excluding straight-lining)	218 873	233 046
Utility and operating recoveries per IFRS income statement	63 167	64 809
Gross rental income	282 040	297 855
SA REIT cost-to-income ratio	52.9%	52.8%
SA REIT administrative cost-to-income ratio	30-Jun-24 R'000	30-Jun-23 R'000
Expenses		
Administrative expenses as per IFRS income statement	36 772	41 407
Exclude:		
- Building selling costs	-	-
Administrative costs	36 772	41 407
Rental income		
Contractual rental income per IFRS income statement (excluding straight-lining)	218 873	233 046
Utility and operating recoveries per IFRS income statement	63 167	64 809
Gross rental income	282 040	297 855
SA REIT administrative cost-to-income ratio	13.0%	13.9%
SA REIT GLA vacancy rate	30-Jun-24 m²	30-Jun-23 m²
Gross lettable area of vacant space	19 866	51 196
Gross lettable area of total property portfolio	152 404	199 707
SA REIT GLA vacancy rate	13.0%	25.6%

Annexure A

SA REIT Best Practice Disclosures (Non-IFRS Measures)

Cost of debt	30-Jun-24	30-Jun-23
	%	%
South Africa		
<i>Variable interest-rate borrowings</i>		
Floating reference rate plus weighted average margin	10.73%	10.77%
Pre-adjusted weighted average cost of debt:	10.73%	10.77%
Adjustments:		
Impact of interest rate derivatives	0.00%	0.00%
All-in weighted average cost of debt - ZAR:	10.73%	10.77%
United Kingdom		
<i>Variable interest-rate borrowings</i>		
Floating reference rate plus weighted average margin	9.90%	6.61%
Pre-adjusted weighted average cost of debt:	9.90%	6.61%
Adjustments:		
Impact of interest rate derivatives	0.00	-0.58%
All-in weighted average cost of debt - GBP	9.90%	6.03%
SA REIT loan-to-value	30-Jun-24	30-Jun-23
	R'000	R'000
Gross debt	987 428	981 492
Less:		
Cash and cash equivalents	(261 036)	(280 116)
Add/Less:		
Derivative financial instruments	-	-
Net debt	726 392	701 376
Total assets – per Statement of Financial Position	2 966 788	3 141 916
Less:		
Cash and cash equivalents	(261 036)	(280 116)
Trade and other receivables	(36 101)	(35 557)
Carrying amount of property-related assets	2 669 651	2 826 243
SA REIT loan-to-value (“SA REIT LTV”)	27.2%	24.8%

Annexure B

Property name	Geographic location	Gross lettable area (m²)	Weighted average rental per m²	Acquisition date	Purchase price R'000	Valuation R'000	Address
Foretrust	Western Cape	24 395	166,42	14/02/12	249 500	370 000	Roggebaai, Cape Town
Bryanston Gate	Gauteng	16 639	94,04	01/04/14	174 000	198 000	Bryanston, Johannesburg
Wellington Road	Gauteng	13 611	37,63	17/03/14	102 500	106 000	Parktown, Johannesburg
151 Katherine Street	Gauteng	9 132	-	11/08/11	104 000	116 000	CBD, Cape Town
Belvedere Place	Gauteng	12 731	91,65	02/10/06	70 400	129 800	Sunninghill, Johannesburg
The Grid	Gauteng	4 528		18/01/16	105 400	70 000	Rivonia, Johannesburg
Investment Place	Gauteng	7 187	83,21	02/10/06	48 000	86 700	Hyde Park, Johannesburg
377 Rivonia Boulevard	Gauteng	4 886		06/11/12	64 500	47 500	Rivonia, Johannesburg
Wale Street Chambers	Western Cape	1 500	105,95	29/09/06	14 100	11 457	CBD, Cape Town
Scott Street	Gauteng	4 729	105,75	18/09/14	107 805	54 500	Waverley, Johannesburg
1 Osborne Lane	Gauteng	3 979	85,30	12/09/14	48 326	47 000	Bedfordview, Johannesburg
Greenstone Building 11	Gauteng	3 415	84,48	01/08/13	47 376	40 800	Greenstone Hill, Edenvale
Loop Street	Western Cape	2 323		11/08/11	37 100	36 500	CBD, Cape Town
Greenstone Building 10	Gauteng	2 285	85,45	01/08/13	33 305	28 700	Greenstone Hill, Edenvale
Greenstone Building 2	Gauteng	2 391		30/10/13	54 348	32 000	Greenstone Hill, Edenvale
Greenstone Building 12	Gauteng	2 326		01/08/13	34 059	32 500	Greenstone Hill, Edenvale
Greenstone Building 9	Gauteng	1 822	97,46	11/08/11	18 000	21 800	Greenstone Hill, Edenvale
Greenstone Building 13	Gauteng	974	127,52	01/08/13	14 260	12 000	Greenstone Hill, Edenvale
Greenstone Building 15	Gauteng	1 126	83,37	01/08/13	16 485	10 700	Greenstone Hill, Edenvale
Greenstone Building 14	Gauteng	1 099	82,15	01/08/13	16 516	11 200	Greenstone Hill, Edenvale
Greenstone Building 5	Gauteng	789	80,82	01/08/13	11 551	9 500	Greenstone Hill, Edenvale
Greenstone Building 6	Gauteng	635		11/08/11	14 180	8 500	Greenstone Hill, Edenvale
Greenstone Coffee Shop	Gauteng	107		01/08/13	1 565	1 400	Greenstone Hill, Edenvale
Total South African offices		122 609			1 387 276	1 482 557	
Kempstar Mall	Gauteng	6 017	201,43	31/12/14	107 454	130 000	Kempton Park, Johannesburg
Total South African retail		6 017			107 454	130 000	
Total South African portfolio		128 626			1 494 730	1 612 557	

Annexure B

Property name	Geographic location	Gross lettable area (m²)	Weighted average rental per m²	Acquisition date	Purchase price R'000	Valuation R'000	Address
Heddon Booker Warehouse	England	3 960		27/02/15	29 160	57 136	Burton-on-Trent, England
Caterpillar	England	10 117		04/02/16	180 703	166 837	Peterlee, England
Gainsborough	England	7 912		17/08/16	112 116	191 977	Gainsborough, England
Total United Kingdom industrial		21 989			321 979	415 950	
Parc Pensarn	Wales	1 789	235,13	27/05/15	57 355	57 136	Carmarthen, Wales
Total United Kingdom Retail		1 789			57 355	57 136	
Total United Kingdom portfolio		23 778			379 334	473 086	
Total property portfolio		152 404			1 874 064	2 085 643	

Annexure C

Texton Property Fund Ltd

Analysis of Ordinary Shareholders as at 28 June 2024

Shareholder Spread	Number of Shareholdings	% of total shareholdings	Number of Shares	% of issued Capital
1 - 1,000	897	65,86%	81 184	0,02%
1,001 - 10,000	213	15,64%	988 929	0,30%
10,001 - 100,000	197	14,46%	5 932 797	1,80%
100,001 - 1,000,000	38	2,79%	10 868 790	3,29%
Over 1,000,000	17	1,25%	312 187 964	94,59%
Total	1 362	100,00%	330 059 664	100,00%

Distribution of Shareholders	Number of Shareholdings	% of total shareholdings	Number of Shares	% of issued Capital
Close Corporations	7	0,51%	402 697	0,12%
Collective Investment Schemes	1	0,07%	1 028 939	0,31%
Custodians	6	0,44%	4 731 927	1,43%
Foundations & Charitable Funds	7	0,51%	2 522 470	0,76%
Hedge Funds	2	0,15%	2 865 416	0,87%
Investment Partnerships	2	0,15%	3 188	0,00%
Private Companies	37	2,72%	259 419 595	78,60%
Public Companies	2	0,15%	7 351 292	2,23%
Retail Shareholders	1 245	91,41%	11 817 586	3,58%
Retirement Benefit Funds	1	0,07%	3 000	0,00%
Stockbrokers & Nominees	5	0,37%	936 561	0,28%
Treasury	2	0,15%	31 961 169	9,68%
Trusts	45	3,30%	7 015 824	2,13%
Total	1 362	100,00%	330 059 664	100,00%

Shareholder Type	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Non-Public Shareholders	10	0,73%	231 264 202	70,07%
Directors and associates of the company	8	0,59%	199 303 033	60,38%
Treasury	2	0,15%	31 961 169	9,68%
Public Shareholders	1 352	99,27%	98 795 462	29,93%
Total	1 362	100,00%	330 059 664	100,00%

Beneficial Shareholders With A Holding Greater Than 3% Of The Issued Shares	Number of Shares	% of issued Capital
Oak Tech Trading (Pty) Ltd	97 214 624	29,45%
Thibault Reit Limited	64 110 522	19,42%
Kloof Capital South Africa (Pty) Ltd	47 209 321	14,30%
Oak Tech Properties (Pty) Ltd	40 905 398	12,39%
Discus House (Pty) Ltd	31 853 013	9,65%
Total	281 292 878	85,22%

Total number of shareholdings	1 362
Total number of shares in issue	330 059 664

Share Price Performance

Opening Price 03 July 2024	R2,50
Closing Price 28 June 2024	R3,32
Closing High for period	R3,34
Closing Low for period	R2,26
Number of shares in issue	330 059 664
Volume traded during period	78 992 391
Ratio of volume traded to shares issued (%)	23,93%
Rand value traded during the period	R172 989 875
Price/earnings ratio as at 28 June 2024	-81,27
Earnings yield as at 28 June 2024	-1,23
Dividend yield as at 28 June 2024	5,71
Market capitalisation at 28 June 2024	R1 095 798 084